

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-4/A

Registration of securities issued in business combination transactions [amend]

Filing Date: **1995-06-01**  
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### FILER

#### **MIDSOUTH BANCORP INC**

CIK: **745981** | IRS No.: **721020809** | State of Incorporation: **LA** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **033-58499** | Film No.: **95544197**  
SIC: **6021** National commercial banks

Mailing Address  
102 VERSAILLES BLVD  
LAFAYETTE LA 70501

Business Address  
102 VERSAILLES BLVD  
LAFAYETTE LA 70501  
3182378343

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AMENDMENT NO. 1  
TO  
FORM S-4  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MidSouth Bancorp, Inc.  
(Exact name of registrant as specified in its charter)

<TABLE>  
<CAPTION>

<C>	<C>	<C>
Louisiana (State or other jurisdiction of incorporation or organization)	6711 (Primary Standard Industrial Classification Code Number)	72-1020809 (I.R.S. Employer Identification Number)

102 Versailles Boulevard  
Versailles Centre  
Lafayette, Louisiana 70501  
(318) 237-8343

(Address, including zip code, and telephone number,  
including area code, of Registrant's principal executive offices)

Copy to:  
ANTHONY J. CORRERO, III  
Correro, Fishman & Casteix, L.L.P.  
47th Floor  
201 St. Charles Avenue  
New Orleans, Louisiana 70170-4700

C. R. CLOUTIER  
P. O. Box 3745  
Lafayette, Louisiana 70502  
(318) 237-8343  
(Name, address, including zip  
code, and telephone number  
including area code, of agent  
for service)

Copy to:  
ALAN JACOBS  
McGlinchey Stafford Lang  
A Professional Limited Liability Company  
2777 Stemmons Freeway  
Suite 925  
Dallas, Texas 75207

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:  
Upon the date of the shareholders' meeting of Sugarland Bancshares, Inc.  
described in this registration statement.

If the securities being registered on this Form are being offered in  
connection with the formation of a holding company and there is compliance  
with General Instruction G, please check the following box.

The registrant hereby amends this registration statement on such date  
or dates as may be necessary to delay its effective date until the  
registrant shall file a further amendment which specifically states  
that this registration statement shall thereafter become effective in  
accordance with Section 8(a) of the Securities Act of 1933 or until  
this registration statement shall become effective on such date as the  
Commission, acting pursuant to said Section 8(a), may determine.

MIDSOUTH BANCORP, INC.  
CROSS REFERENCE SHEET

<TABLE>  
<CAPTION>

Item of Form S-4

Location in Prospectus

A. Information About the Transaction

<S>	<C>	<C>
1.	Forepart of Registration Statement and Outside Front Cover Page of Prospectus	Cover Page
2.	Inside Front and Outside Back Cover Pages of Prospectus	Inside Cover; Table of Contents
3.	Risk Factors, Ratio of Earnings to Fixed Charges and Other Information	*
4.	Terms of Transaction	Summary; The Plan
5.	Pro Forma Financial Information	MidSouth Bancorp, Inc. Pro Forma Condensed Combined Financial Statements (Unaudited)
6.	Material Contacts with the Company Being Acquired	*
7.	Additional Information Required for Reoffering by Persons and Parties Deemed to be Underwriters	*
8.	Interests of Named Experts and Counsel	*
9.	Disclosure of Commission Position on Indemnification for Securities Act Liability	*

B. Information About the Registrant

10.	Information with Respect to S-3 Registrants	*
11.	Incorporation of Certain Information by Reference	*
12.	Information with Respect to S-2 or S-3 Registrants	Information About MidSouth
13.	Incorporation of Certain Information by Reference	Information About MidSouth
14.	Information with Respect to Registrants other than S-2 or S-3 Registrants	*

C. Information About the Company Being Acquired

15.	Information with Respect to S-3 Companies	*
16.	Information with Respect to S-2 or S-3 Companies	*
17.	Information with Respect to Companies other than S-2 or S-3 Companies	Information about Sugarland

D. Voting and Management Information

18.	Information if Proxies, Consents or Authorizations are to be Solicited	
(1)	Date, Time and Place Information	Introductory Statement-General
(2)	Revocability of Proxy	Introductory Statement-Solicitation, Voting and Revocation of Proxies
(3)	Dissenters' Rights of Appraisal	Dissenters' Rights
(4)	Persons Making Solicitation	Introductory Statement-General
(5)	Interests of Certain Persons in Matters to be Acted Upon; Voting Securities and Principal Holders Thereof	Summary - Interests of Certain Persons in the Mergers; The Plan - Interests of Certain Persons in the Mergers; The Plan - Employee Benefits; Information About Sugarland - Security Ownership of Principal Shareholders and Management; Security Ownership of Management and Certain Beneficial Owners

- |     |  |   |
|-----|--|---|
| (6) | Vote Required for Approval   | Introductory Statement-Shares Entitled to Vote; Quorum; Vote Required   |
| (7) | Directors and Executive Officers; Executive Compensation; Certain Relationships and Related Transactions | Information About Sugarland; Information About MidSouth; Election of Directors of MidSouth; Security Ownership of Management and Certain Beneficial Owners of MidSouth; Executive Compensation and Certain Transactions |

19. Information if Proxies, Consents or Authorizations are not to be Solicited or in an Exchange Offer \*

\* Not applicable or answer is in the negative.

SUGARLAND BANCSHARES, INC.  
1527 W. Main Street  
Jeanerette, Louisiana 70544

June , 1995

Dear Shareholder:

You are cordially invited to attend a Special Meeting of Shareholders of Sugarland Bancshares, Inc. ("Sugarland") to be held on July 19, 1995 at \_\_\_\_\_ .m., local time at Sugarland's main office, 1527 W. Main Street, Jeanerette, Louisiana.

At the meeting, you will be asked to consider and vote upon a proposal to approve an Agreement and Plan of Merger and related merger agreement (collectively, the "Plan") pursuant to which, among other things, Sugarland State Bank (the "Bank"), the banking subsidiary of Sugarland, will be merged into MidSouth National Bank ("MidSouth Bank"), the wholly-owned subsidiary of MidSouth Bancorp, Inc. ("MidSouth"), and Sugarland will merge into MidSouth (the "Holding Company Merger"). The terms of the Plan provide that, on the effective date of the Holding Company Merger, each outstanding share of common stock of Sugarland will be converted into one share of MidSouth preferred stock as more fully described in the attached Joint Proxy Statement and Prospectus. You are urged carefully to read the Joint Proxy Statement and Prospectus in its entirety for a more complete description of the terms of the Plan and the proposed Mergers.

The Plan has been approved by your Board of Directors. The Board believes, based on its own analysis and the opinion of Sugarland's financial advisor (all of which are described in the accompanying Joint Proxy Statement and Prospectus), that the proposed mergers are in the best interest of Sugarland's shareholders. After consummation of the proposed mergers, you, as a new shareholder of MidSouth, will own convertible preferred stock in MidSouth, which is intended to be publicly traded on the American Stock Exchange Emerging Company Marketplace. As a result of the mergers, the combined entities, through MidSouth, will be better able to offer a broad range of banking services to its customers and to compete more effectively with holding companies and other financial institutions in the changing economic and legal environment facing all financial institutions.

The Board of Directors recommends that you vote FOR the Plan and urges you to execute the enclosed proxy and return it promptly in the accompanying envelope.

Very truly yours,

D. J. Tranchina  
President

SUGARLAND BANCSHARES, INC.  
1527 W. Main Street

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JULY 19, 1995

Jeanerette, Louisiana  
June , 1995

A Special Meeting of Shareholders of Sugarland Bancshares, Inc. ("Sugarland") will be held on July 19, 1995 at .m. local time at Sugarland's main office, 1527 W. Main Street, Jeanerette, Louisiana, to vote upon the following matters:

1.A proposal to approve an Agreement and Plan of Merger and related merger agreement (collectively, the "Plan") pursuant to which, among other things: (a) Sugarland State Bank, the subsidiary of Sugarland, will be merged into MidSouth National Bank, the wholly-owned subsidiary of MidSouth Bancorp, Inc. ("MidSouth"), (b) Sugarland will be merged into MidSouth and (c) on the effective date of the merger of MidSouth and Sugarland, each outstanding share of common stock of Sugarland will be converted into one share of MidSouth Series A Cumulative Convertible Preferred Stock as determined in accordance with the terms of the Plan.

2.Such other matters as may properly come before the Special Meeting and any adjournment thereof.

Only shareholders of record at the close of business on June 7, 1995 are entitled to notice of and to vote at the Special Meeting.

Dissenting shareholders who comply with the procedural requirements of the Business Corporation Law of Louisiana will be entitled to receive payment of the fair cash value of their shares if the merger of MidSouth and Sugarland is effected upon approval by less than eighty percent (80%) of the total voting power of Sugarland.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please mark, date and sign the enclosed proxy and return it promptly in the enclosed stamped envelope. Your proxy may be revoked by appropriate notice to Sugarland's Secretary, or by execution and delivery of a later-dated proxy, at any time prior to the voting thereof. If you attend the Special Meeting, you may withdraw your proxy and vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

\_\_\_\_\_  
Ronald R. Hebert, Sr., Secretary

MIDSOUTH BANCORP, INC.  
102 Versailles Boulevard  
Versailles Centre  
Lafayette, Louisiana 70501

June , 1995

Dear Shareholder:

You are invited to attend the annual meeting of shareholders of MidSouth Bancorp, Inc. ("MidSouth") to be held on July 19, 1995 at 2:00 p.m., local time at MidSouth's main office, 102 Versailles Boulevard, Versailles Centre, Lafayette, Louisiana.

At the meeting, you will be asked (i) to elect directors of MidSouth and (ii) to approve the issuance of up to 187,286 shares of MidSouth Series A Cumulative, Convertible Preferred Stock (the "Preferred Stock") in connection with an Agreement and Plan of Merger and related merger agreement (collectively, the "Plan") pursuant to which, among other things, Sugarland State Bank, the subsidiary of Sugarland Bancshares, Inc. ("Sugarland"), will merge into MidSouth National Bank ("MidSouth Bank"), the wholly-owned subsidiary of MidSouth, and Sugarland will merge into MidSouth the ("Holding Company Merger"). The terms of the Plan provide that, on the effective

date of the Holding Company Merger, each outstanding share of common stock of Sugarland will be converted into one share of Preferred Stock as more fully described in the attached Joint Proxy Statement and Prospectus. You are urged carefully to read the Joint Proxy Statement and Prospectus in its entirety for a more complete description of the terms of the Plan and the proposed mergers.

The Plan has been approved unanimously by your Board of Directors. The Board believes that the proposed mergers are in the best interest of MidSouth's shareholders. As a result of the proposed mergers, through MidSouth Bank, MidSouth will be able to compete more effectively with holding companies and other financial institutions in the changing economic and legal environment facing all financial institutions.

The Board of Directors recommends that you vote FOR the issuance of the Preferred Stock and urges you to execute the enclosed proxy and return it promptly in the accompanying envelope.

Very truly yours,

C.R. Cloutier  
President

MIDSOUTH BANCORP, INC.  
102 Versailles Boulevard  
Versailles Centre  
Lafayette, Louisiana 70501

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JULY 19, 1995

Lafayette, Louisiana  
June , 1995

The annual meeting of shareholders of MidSouth Bancorp, Inc. ("MidSouth") will be held on July 19, 1995 at 2:00 p.m. local time at MidSouth's main office, 102 Versailles Boulevard, Versailles Centre, Lafayette, Louisiana, to vote upon the following matters:

- 1.The election of directors of MidSouth.
- 2.The issuance of up to 187,286 shares of MidSouth Series A Cumulative, Convertible Preferred Stock (the "Preferred Stock") in connection with an Agreement and Plan of Merger and related merger agreement (collectively, the "Plan") pursuant to which, among other things: (a) Sugarland State Bank, the subsidiary of Sugarland Bancshares, Inc. ("Sugarland"), will merge into MidSouth National Bank, the wholly-owned subsidiary of MidSouth, (b) Sugarland will merge into MidSouth and (c) on the effective date of the merger of MidSouth and Sugarland, each outstanding share of common stock of Sugarland will be converted into one share of Preferred Stock as determined in accordance with the terms of the Plan.
- 3.Such other matters as may properly come before the meeting or any adjournments thereof.

Only shareholders of record at the close of business on June 7, 1995 are entitled to notice of and to vote at the annual meeting.

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the annual meeting, please mark, date and sign the enclosed proxy and return it promptly in the enclosed stamped envelope. Your proxy may be revoked by appropriate notice to MidSouth's Secretary at any time prior to the voting thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Karen L. Hail, Secretary

PROSPECTUS  
MIDSOUTH BANCORP, INC.  
Series A Cumulative Convertible Preferred Stock

JOINT PROXY STATEMENT  
MidSouth Bancorp, Inc.  
Annual Meeting of Shareholders to be held July 19, 1995

Sugarland Bancshares, Inc.  
Special Meeting of Shareholders to be held July 19, 1995

MidSouth Bancorp, Inc. ("MidSouth") has filed a Registration Statement pursuant to the Securities Act of 1933 (the "Securities Act") covering up to 187,286 shares of Cumulative, Convertible Preferred Stock, Series A, of MidSouth (the "Preferred Stock") which may be issued in connection with a proposed merger of Sugarland Bancshares, Inc. ("Sugarland") into MidSouth. This document constitutes the Joint Proxy Statement of MidSouth and Sugarland in connection with the transactions described herein and a Prospectus of MidSouth with respect to the shares of MidSouth Preferred Stock to be issued if the merger is consummated.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS JOINT PROXY STATEMENT AND PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE MIDSOUTH PREFERRED STOCK DESCRIBED IN THIS JOINT PROXY STATEMENT AND PROSPECTUS IS NOT A SAVINGS ACCOUNT OR DEPOSIT ACCOUNT AND IS NOT THE OBLIGATION OF ANY BANK OR SAVINGS ASSOCIATION. AN INVESTMENT IN THE PREFERRED STOCK IS NOT FEDERALLY INSURED.

No person has been authorized to give any information or to make any representations other than those contained in this Joint Proxy Statement and Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by MidSouth or Sugarland. This Joint Proxy Statement and Prospectus shall not constitute an offer by MidSouth to sell or the solicitation of an offer by MidSouth to buy, nor shall there be any sale of the securities offered by this Joint Proxy Statement and Prospectus in any state in which, or to any person to whom, it would be unlawful prior to registration or qualification under the laws of such state for MidSouth to make such an offer or solicitation. Neither the delivery of this Joint Proxy Statement and Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of MidSouth or Sugarland since the date hereof.

This Joint Proxy Statement and Prospectus is dated June , 1995. This Joint Proxy Statement and Prospectus was mailed to shareholders of Sugarland on approximately \_\_\_\_\_, 1995, and to shareholders of MidSouth on approximately June \_\_, 1995.

AVAILABLE INFORMATION

MidSouth is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith is required to file reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports, together with proxy statements and other information filed by MidSouth, can be inspected at and copies thereof may be obtained at prescribed rates from, the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and from the Commission's Regional Offices at 7 World Trade Center, 13th Floor, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661.

MidSouth has filed with the Commission a Registration Statement on Form S-4 ("Registration Statement") under the Securities Act with respect to the Preferred Stock offered by this Joint Proxy Statement and Prospectus. This Joint Proxy Statement and Prospectus summarizes all of the material

information set forth in the Registration Statement. Statements contained in this Joint Proxy Statement and Prospectus as to the contents of any documents are necessarily summaries of the documents, and reference is made to the copy of the applicable document filed with the Commission for a more complete understanding. For further information with respect to MidSouth, reference is made to the Registration Statement, including the exhibits thereto.

As more fully set forth under the heading captioned "Documents Incorporated by Reference" and "Information about MidSouth" elsewhere herein, certain information with respect to MidSouth has been incorporated by reference into this Joint Proxy Statement and Prospectus. In addition, the Agreement and Plan of Merger and related merger agreement described in this Joint Proxy Statement and Prospectus have been incorporated herein by reference. MidSouth hereby undertakes to provide without charge to each person to whom a copy of this Joint Proxy Statement and Prospectus has been delivered, upon the written or oral request of such person, a copy of any or all of the information or documents which have been incorporated by reference herein, other than exhibits to such documents. Requests for such copies should be directed to C.R. Cloutier, President, MidSouth Bancorp, Inc., 102 Versailles Boulevard, Versailles Centre, Lafayette, Louisiana 70501, telephone (318) 237-8343. In order to ensure timely delivery of the documents, any request should be made by July 12, 1995.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated herein by reference: MidSouth's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1994, as amended by Form 10-KSB/A filed on March 23, 1995; MidSouth's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1995; the following sections of MidSouth's Annual Report to Shareholders, delivered with this Joint Proxy Statement and Prospectus: page 30, "Market Prices"; inside back cover, "Stock Trading Information" and information on dividends; page 1, "Financial Statements"; pages 30-31, "Selected Quarterly Financial Data"; pages 2-11, "Management's Discussion and Analysis; and MidSouth's Quarterly Report to Shareholders "Financial Statements and Management's Discussion and Analysis."

TABLE OF CONTENTS

SUMMARY	Page
The Companies.....	i
The Banks.....	i
The Meetings.....	i
Purpose of the Meetings; Vote Required.....	ii
Reasons for the Plan; Recommendation of the Companies' Boards of Directors.....	iii
Opinion of Chaffe & Associates, Inc.....	iv
Conversion of Sugarland Common Stock.....	iv
Description of MidSouth Preferred Stock.....	iv
Exchange of Certificates.....	vi
Conditions to Consummation of the Mergers.....	vii
Waiver, Amendment and Termination.....	vii
Interests of Certain Persons in the Mergers.....	viii
Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five- Percent Shareholders.....	ix
Employee Benefits.....	ix
Certain Federal Income Tax Consequences.....	x
Accounting Treatment.....	x
Dissenters' Rights.....	x
Selected Financial Data of Sugarland.....	xi
Selected Financial Data of MidSouth.....	xii
Comparative Per Share Data (Unaudited).....	xiii
Market Prices and Dividends.....	xiv
INTRODUCTORY STATEMENT.....	1
General.....	1
Purpose of the Meetings.....	1
Shares Entitled to Vote; Quorum; Vote Required....	1
Solicitation, Voting and Revocation of Proxies....	3
THE PLAN.....	4
General.....	4



Background of and Reasons for the Plan.....	4
Opinion of Chaffe & Associates, Inc.....	6
Conversion of Sugarland Common Stock.....	11
Effective Date.....	12
Exchange of Certificates.....	12
Regulatory Approvals and Other Conditions of the Mergers.....	13
Conduct of Business Prior to the Effective Date.....	14
Waiver, Amendment and Termination.....	15
Interests of Certain Persons in the Mergers.....	16
Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five- Percent Shareholders.....	17
Employee Benefits.....	18
Expenses.....	18
Status Under Federal Securities Laws; Certain Restrictions on Resales.....	19
Accounting Treatment.....	19
CERTAIN FEDERAL INCOME TAX CONSEQUENCES.....	19
DISSENTERS' RIGHTS.....	22
INFORMATION ABOUT SUGARLAND.....	24
Description of the Business.....	24
Competition.....	25
Property.....	25
Employees.....	26
Market Prices and Dividends.....	26
Legal Proceedings.....	26
Security Ownership of Principal Shareholders and Management.....	27
SUGARLAND MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	29
INFORMATION ABOUT MIDSOUTH.....	44
COMPARATIVE RIGHTS OF SHAREHOLDERS.....	44
Preferred Stock.....	45
Directors.....	45
Business Combinations.....	46
Special Meetings of Shareholders.....	46
Bylaws.....	46
Vote Required for Shareholder Action.....	47
Limitation of Personal Liability and Indemnification of Directors and Officers.....	47
RIGHTS AND PREFERENCES OF MIDSOUTH PREFERRED STOCK.....	48
Dividend Rights.....	48
Redemption Rights.....	50
Conversion Rights.....	50
Voting Rights.....	51
Liquidation Rights.....	52
Preemptive Rights.....	52
PRO FORMA FINANCIAL STATEMENTS.....	52
ELECTION OF DIRECTORS OF MIDSOUTH.....	60
SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS OF MIDSOUTH.....	63
Security Ownership of Management.....	63
Security Ownership of Certain Beneficial Owners.....	65
EXECUTIVE COMPENSATION AND CERTAIN TRANSACTIONS.....	65
Summary Compensation Table.....	65
Option Exercises and Holdings.....	66
Employment and Severance Contracts.....	67
Certain Transactions.....	67
RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS.....	67
SHAREHOLDER PROPOSALS.....	67
LEGAL MATTERS.....	67
EXPERTS.....	68
OTHER MATTERS.....	68

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF SUGARLAND.....	F-1
---	-----

SUGARLAND BANCSHARES, INC. CONSOLIDATED FINANCIAL STATEMENTS.....	F-2
--	-----

Appendix A - Fairness Opinion of Chaffe &  
Associates, Inc

Appendix B - Form of Provisions of Articles  
of Incorporation of MidSouth Relating to the  
Preferred Stock

#### SUMMARY

The following summarizes the more detailed information appearing elsewhere herein and in the appendices hereto. Shareholders are urged to read carefully all such material, together with the accompanying documents and the documents incorporated herein by reference.

#### The Companies

MidSouth Bancorp, Inc., a Louisiana corporation ("MidSouth") is a one bank holding company that owns all of the outstanding stock of MidSouth National Bank ("MidSouth Bank"). At March 31, 1995, MidSouth had total consolidated assets of approximately \$107.7 million and shareholders' equity of approximately \$6.2 million. MidSouth's principal executive offices are at 102 Versailles Boulevard, Versailles Centre, Lafayette, Louisiana 70501, and its telephone number is (318) 237-8343. See "Information About MidSouth."

Sugarland Bancshares, Inc., a Louisiana corporation ("Sugarland"), is a one bank holding company that owns all of the outstanding stock of Sugarland State Bank (the "Bank"). At March 31, 1995, Sugarland had total consolidated assets of approximately \$17.8 million and shareholders' equity of approximately \$2.2 million. Sugarland's principal executive offices are at 1527 W. Main Street, Jeanerette, Louisiana 70544, and its telephone number is (318) 276-6307. See "Information About Sugarland."

MidSouth and Sugarland are collectively referred to herein as the "Companies."

#### The Banks

MidSouth Bank is a full service commercial bank offering consumer and commercial banking services in Lafayette, Iberia, Jefferson Davis and St. Martin Parishes. At March 31, 1995, MidSouth Bank had total assets of approximately \$107.7 million and total deposits of approximately \$98.7 million. In addition to its main banking facility in Lafayette, Louisiana, MidSouth Bank operates full service branches in Breaux Bridge, Opelousa, Cecilia and Jennings, Louisiana, and also operates four ATM machines, three in Lafayette and one in Breaux Bridge.

The Bank, a Louisiana state chartered bank, is a full service commercial bank offering consumer and commercial banking services in Iberia Parish. At March 31, 1995, the Bank had total assets of approximately \$17.8 million and total deposits of approximately \$15.5 million. In addition to its main banking facility in Jeanerette, Louisiana, the Bank operates a full service branch in New Iberia, Louisiana.

MidSouth Bank and the Bank are collectively referred to herein as the "Banks."

#### The Meetings

The annual meeting of the shareholders of MidSouth and a special meeting of the shareholders of Sugarland will be held on July 19, 1995, at the time and place set forth in the accompanying Notice of Annual Meeting of Shareholders of MidSouth (the "Annual Meeting") and Notice of Special Meeting of Shareholders of Sugarland (the "Special Meeting") (the Annual Meeting and the Special Meeting are collectively referred to herein as the "Meetings"). Only record holders of the common stock (the "MidSouth Common Stock") of MidSouth at the close of business on June 7, 1995 are entitled to notice of and to vote at the Annual Meeting. Only record holders of the common stock (the "Sugarland Common Stock") of Sugarland at the close of business

on June 7, 1995 are entitled to notice of and to vote at the Special Meeting. On the respective record dates, there were 717,753 shares of MidSouth Common Stock outstanding and 187,286 shares of Sugarland Common Stock outstanding, each of which is entitled to one vote on each matter properly to come before the Meeting of the respective Company.

#### Purpose of the Meetings; Vote Required

The purpose of the Special Meeting is to vote upon a proposal to approve an Agreement and Plan of Merger and related merger agreement (collectively, the "Plan"), pursuant to which the Bank will be merged into MidSouth Bank (the "Bank Merger"), and Sugarland will be merged into MidSouth (the "Holding Company Merger" which, together with the Bank Merger, are collectively called the "Mergers"), and on the effective date of the Holding Company Merger, each outstanding share of Sugarland Common Stock will be converted into one share of Cumulative Convertible Preferred Stock, Series A, of MidSouth (the "Preferred Stock"), in accordance with the terms of the Plan. As a result of the Mergers the business and properties of the Bank will become the business and properties of MidSouth Bank, the business and properties of Sugarland will become the business and properties of MidSouth, and shareholders of Sugarland will receive the consideration described below under "Conversion of Sugarland Common Stock." See "Introductory Statement - Purpose of the Meetings."

The purpose of the Annual Meeting is to vote upon a proposal to approve the issuance up to 187,286 shares of the Preferred Stock of MidSouth to be issued to shareholders of Sugarland in exchange for their Sugarland Common Stock in connection with the Mergers. Shareholders of MidSouth, in addition to voting on the Plan, will also elect directors. See "Introductory Statement - Purpose of the Meetings."

The Plan must be approved by the shareholders of Sugarland by the affirmative vote of two-thirds of the voting power present, in person or by proxy, at the Special Meeting. Directors, executive officers and certain principal shareholders of Sugarland beneficially owning an aggregate of 89,956 shares, or approximately 48.03% of the outstanding Sugarland Common Stock, have executed agreements pursuant to which, among other things, they agreed, subject to certain conditions described under "Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five-Percent Shareholders" to vote in favor of approval of the Plan and, accordingly, management of Sugarland believes that Sugarland will obtain the vote required for approval of the Plan.

Approval of the Plan by the shareholders of MidSouth is not required under either the Louisiana Business Corporation Law (the "LBCL") or the Articles of Incorporation of MidSouth. However, under the rules of the American Stock Exchange Emerging Company Market (the "AMEX") on which the MidSouth Common Stock is listed, shareholders of MidSouth are required to approve the issuance of the Preferred Stock to be exchanged for the Sugarland Common Stock in connection with the Mergers. The proposal to issue the Preferred Stock must be approved by the affirmative vote of a majority of the votes cast at the Annual Meeting. The directors and executive officers of MidSouth having voting power with respect to an aggregate of 271,143 shares, or approximately 37.8% of the outstanding MidSouth Common Stock, have informed MidSouth that they intend to vote their shares in favor of issuance of the Preferred Stock, and, accordingly, management of MidSouth believes that MidSouth will obtain the vote required for approval of the issuance of the Preferred Stock.

See "Introductory Statement - Shares Entitled to Vote; Quorum; Vote Required."

#### Reasons for the Plan; Recommendation of the Companies' Boards of Directors

The Board of Directors of Sugarland believes that approval of the Plan is in the best interest of Sugarland and its shareholders and recommends that its shareholders vote "FOR" the approval of the Plan. The Board of Directors of Sugarland believes that the terms of the Plan will provide significant value to all Sugarland shareholders and enable them to participate in opportunities for growth that Sugarland's Board of Directors believes the Mergers make possible. In recommending the Plan to Sugarland's shareholders, Sugarland's Board of Directors considered, among other factors, the financial terms of the Plan; the likelihood and potential adverse impact of

increased competition for Sugarland in its market area if Sugarland remains independent; the ability of the combined Companies and Banks to compete in the relevant banking markets; the market price of MidSouth Common Stock; the business, financial condition, results of operation and prospects of MidSouth, MidSouth Bank, Sugarland and the Bank; the dividends to which Sugarland's shareholders would be entitled under the terms of the Preferred Stock; and the federal income tax consequences of the Plan to Sugarland's shareholders, to the extent MidSouth Preferred Stock is received in the Holding Company Merger.

The Board of Directors of MidSouth believes that approval of the issuance of the Preferred Stock is in the best interest of MidSouth and its shareholders. In addition to the financial terms, among the factors considered by the Board in recommending the issuance of the Preferred Stock were (i) the increased competitive advantages available to MidSouth and MidSouth Bank through the combined capital of the Banks and the economies of scale created as a result of the Mergers, and (ii) the increased market share and additional markets available to MidSouth and MidSouth Bank as a result of the Mergers.

The financial and other terms of the Plan were arrived at through arm's length negotiations between representatives of the Companies. Determination of the consideration to be received by Sugarland's shareholders was based upon various factors considered by the Boards of Directors of MidSouth and Sugarland, including primarily the comparative financial condition, historical results of operations, current business and future prospects of the Companies and the Banks, and the desirability of combining the financial and managerial resources of the Banks to pursue available consumer and commercial banking business in Lafayette, Jefferson Davis, Iberia and St. Martin parishes.

The Boards of Directors of the Companies have approved the Plan. The Board of Directors of Sugarland recommends that its shareholders vote FOR approval of the Plan, and the Board of Directors of MidSouth recommends that its shareholders vote FOR the issuance of the Preferred Stock. See "The Plan - Background of and Reasons for the Plan."

Opinion of Chaffe & Associates, Inc.

Chaffe & Associates, Inc. ("Chaffe") was engaged as an independent financial expert to render an opinion as to the fairness to Sugarland and its shareholders from a financial point of view of the consideration to be received by Sugarland's shareholders pursuant to the provisions of the Plan. Chaffe was selected because of its experience, reputation and expertise in the financial services industry. A copy of the opinion delivered by Chaffe dated December 30, 1994 is attached as Appendix A and should be read in its entirety. The opinion concludes that, as of December 30, 1994, and based on and subject to the assumptions made, the factors considered, the review undertaken and the limitations stated, the proposed Exchange Ratio (as defined in the opinion) is fair to Sugarland and its shareholders from a financial point of view. The opinion does not constitute a recommendation to any shareholder on how to vote at the Special Meeting. See "The Plan - Opinion of Chaffe & Associates, Inc." for further information regarding, among other things, the selection of Chaffe and its compensation arrangement in connection with the Plan.

Conversion of Sugarland Common Stock

Under the terms of the Plan, on the date the Holding Company Merger becomes effective (the "Effective Date"), and assuming no Sugarland shareholders perfect dissenters' rights, each outstanding share of Sugarland Common Stock will be converted into one share of MidSouth Preferred Stock. Pursuant to resolutions adopted by the Board of Directors of MidSouth and Sugarland, the deadline for consummating the Mergers has been extended until July 31, 1995, and if the Mergers are not consummated by that date, the Companies may terminate the Plan or waive their right to do so and consummate the Mergers at a later date. However, the Companies intend for the Mergers to be effected as soon as possible after the Annual Meeting and Special Meeting. See "The Plan - Conversion of Sugarland Common Stock." In lieu of the issuance of any fractional share of Preferred Stock to which a holder of Sugarland Common Stock may be entitled, each shareholder of Sugarland, upon surrender of the certificate or certificates which immediately prior to the Effective Date represented Sugarland Common Stock held by such shareholder, will be entitled to receive a cash payment (without interest) equal to such fractional share multiplied by \$14.25.

Description of MidSouth Preferred Stock

Dividend Rights. Cash dividends on shares of MidSouth Preferred Stock are cumulative from the date of issuance of such shares and are payable when, as and if declared by the MidSouth Board of Directors, at an annual rate in 1995 of 8.28%, and thereafter at an annual rate fixed on December 31 of each year for the ensuing calendar year, and equal to the yield for Government Bonds and Notes maturing in December of the following year, as published in the Treasury Bonds, Notes and Bills Section of the last issue of the Wall Street Journal published each year, plus 1% per annum; provided that the annual dividend rate will in no case be greater than 10% nor less than 6%; and provided further that the annual dividend rate will be fixed at 10% from and after the tenth anniversary of the date of issuance of the Preferred Stock. If more than one yield is shown for December maturities, the average will be applied, and if no yield is quoted for December maturities, the yield for the next earlier available month will be applied.

Dividends payable on the Preferred Stock will be paid on the first day of January, April, July and October of each year, provided that the initial dividend will be payable on the first day of January, April, July or October that is at least 91 days from the date of original issuance of the Preferred Stock and will be in an amount, at the applicable dividend rate, based on the number of days between the date of original issuance and the dividend payment date minus 90 days. Accordingly, assuming an Effective Date of July 20, 1995, the first dividend payment date would be January 1, 1996 for the 74 day period from October 19 through December 31.

The aggregate amount of the initial dividend payable to holders of Preferred Stock will be reduced by the amount by which certain expenses of Sugarland related to the Plan exceed \$110,000 (the "Subtracted Amount"). In any case in which the Subtracted Amount is greater than the initial dividend, such excess will be deducted from the amount otherwise payable on the next succeeding dividend payment date.

As of the date hereof, it is estimated that the Subtracted Amount will be \$25,000. Accordingly, assuming an initial dividend payment date of January 1, 1996, the dividend of \$45,423.42 that would otherwise be payable on that date will be reduced by \$25,000. To the extent the Subtracted Amount exceeds \$25,000 it would further reduce or eliminate the dividend otherwise payable on January 1, 1996, and could also reduce or eliminate the dividend otherwise payable on April 1, 1996. See "Rights and Preferences of MidSouth Preferred Stock - Dividend Rights" for information concerning timing and amounts of dividends payable under certain assumptions related to the Subtracted Amount.

Dividends are payable only out of funds legally available therefor, as defined in MidSouth's Articles of Incorporation. Under the LBCL, MidSouth may pay dividends only out of "surplus," as defined in the LBCL. At March 31, 1995 MidSouth had "surplus" of approximately \$6,100,000. Statutory surplus does not represent actual funds, which MidSouth expects to obtain from dividends from MidSouth Bank, and funds "legally available therefor" is defined to mean only funds that may be obtained from MidSouth Bank. The payment of dividends by a national bank is restricted by various provisions of the national banking laws and regulations thereunder, but under the most restrictive of these provisions, at March 31, 1995 MidSouth Bank could pay up to \$1,400,000 in dividends to MidSouth without regulatory approval. There can be no assurance, however, that in future periods, the Bank will be able to provide funds for the payment of dividends or that MidSouth will have statutory surplus sufficient to permit the payment of dividends by it.

No dividends may be paid on MidSouth Common Stock until all accrued quarterly dividends on the Preferred Stock have been paid. Under MidSouth's Articles of Incorporation, MidSouth may not, without approval of the MidSouth Preferred Stock, issue other shares of Preferred Stock ranking in priority to or on a parity with the Preferred Stock.

If any quarterly dividend is not paid when due, the unpaid amount will bear interest at a rate of 10% per annum until paid. If MidSouth is in arrears for two consecutive quarterly dividends, holders of Preferred Stock will have the right to

elect two directors of MidSouth.

See "Rights and Preferences of MidSouth Preferred Stock-Dividend Rights."

Redemption. On or after the fifth anniversary of the date of issuance of the Preferred Stock, MidSouth may, at its option, redeem the whole, or from time to time, any part of the Preferred Stock at a redemption price per share payable in cash in an amount equal to the sum of (i) \$14.25, (ii) all accrued and unpaid dividends on the Preferred Stock to the date fixed for redemption, whether or not earned or declared and (iii) interest accrued to the date of redemption on all accrued and unpaid dividends on the Preferred Stock, if any. See "Rights and Preferences of MidSouth Preferred Stock-Redemption Rights."

Conversion. At their option, holders of the shares of MidSouth Preferred Stock may convert such stock into shares of MidSouth Common Stock at a conversion rate of one share of common stock for each share of Preferred Stock converted at any time prior to redemption of the Preferred Stock. The conversion rate is subject to adjustment from time to time in the event of a dividend or distribution to the holders of MidSouth Common Stock, in shares of MidSouth Common Stock, a stock split or reverse stock split of the MidSouth Common Stock, a reclassification of the MidSouth Common Stock, or certain business combination transactions involving MidSouth, as provided in MidSouth's Articles of Incorporation. See "Rights and Preferences of MidSouth Preferred Stock-Conversion Rights."

Voting Rights. Except as otherwise required by law or in MidSouth's Articles of Incorporation, holders of MidSouth Preferred Stock are not entitled to any vote on any matter, including but not limited to any merger, consolidation or transfer of assets, or statutory share exchange, and to notice of any meeting of shareholders of MidSouth. If at any time MidSouth falls in arrears in the payment of dividends on the Preferred Stock for two consecutive quarterly dividend periods, the number of directors constituting the full Board of Directors of MidSouth shall be automatically increased by two, and the holders of the Preferred Stock, voting separately as a single class, will be entitled to elect two directors of MidSouth to fill the two created directorships, at a special meeting called for the purpose, and thereafter at each shareholders meeting held for the purpose of electing directors of MidSouth, so long as there continues to be any arrearage in the payment of dividends on the Preferred Stock for any past quarterly dividend period or of interest on such accumulated and unpaid dividends. When all accumulated and unpaid dividends on the Preferred Stock for all past quarterly dividend periods, and the interest thereon, have been paid in full, the right of the holders of the Preferred Stock to elect directors will cease, the number of the directors of MidSouth shall automatically be reduced by two, and the term of office of all directors elected by the shareholders of the Preferred Stock will immediately terminate. Holders of Preferred Stock must approve any issuance by MidSouth of any Preferred Stock ranking senior to or on a parity with the Preferred Stock as to dividends or rights upon liquidation.

See "Rights and Preferences of MidSouth Preferred Stock-Voting Rights."

Liquidation Preference. The liquidation preference of the Preferred Stock will be \$14.25 per share, plus an amount equal to accrued and unpaid dividends and accrued interest thereon. See "Rights and Preferences of MidSouth Preferred Stock - Liquidation Rights."

#### Exchange of Certificates

Upon consummation of the Mergers, a letter of transmittal, together with instructions for the exchange of certificates representing shares of Sugarland Common Stock for certificates representing shares of MidSouth Preferred Stock, will be mailed to each person who was a shareholder of record of Sugarland on the Effective Date. Shareholders are requested not to send in their Sugarland Common Stock certificates until they have received a letter of transmittal and further written instructions.

Sugarland shareholders who cannot locate their certificates are urged to contact promptly Ronald R. Hebert, Sr., Sugarland Bancshares, Inc., 1527 W. Main Street, Jeanerette, Louisiana 70544, telephone number (318) 276-6307. A new certificate will be issued to replace the lost certificate(s)

only upon execution by the shareholder of an affidavit certifying that his certificate(s) cannot be located and an agreement to indemnify Sugarland and MidSouth, as its successor, against any claim that may be made against Sugarland or MidSouth, as its successor, by the owner of the certificate(s) alleged to have been lost or destroyed. Sugarland or MidSouth, as its successor, may also require the shareholder to post a bond in such sum as is sufficient to support the shareholder's agreement to indemnify Sugarland and MidSouth. See "The Plan - Exchange of Certificates."

#### Conditions to Consummation of the Mergers

In addition to approval by the shareholders of MidSouth and Sugarland, consummation of the Mergers is conditioned upon (i) the accuracy on the date of closing of the representations and warranties and the compliance with covenants made in the Plan by each party, and the absence of any material adverse change in the financial condition, results of operations, business or prospects of the other party's consolidated group; (ii) the receipt of required regulatory approvals; (iii) the receipt of assurances from the Board of Governors of the Federal Reserve System ("FRB") or delegated authority satisfactory to MidSouth, that the Preferred Stock will be treated as Tier 1 Capital of MidSouth for the purpose of capital adequacy guidelines of the FRB and (iv) certain other conditions. The Plan further provides that if MidSouth does not receive assurance from the FRB that the Preferred Stock will be treated as Tier 1 Capital due to any term or provision of the Preferred Stock, MidSouth shall propose a revision of such form or provision so as to cause the Preferred Stock to be treated as Tier 1 Capital, and Sugarland shall have 15 days from the receipt of such proposal to accept it and permit this condition to be met. As of the date of the Joint Proxy Statement and Prospectus, MidSouth had received such assurances. The Companies intend to consummate the Mergers as soon as practicable after all of the conditions to the Mergers have been met or waived. See "The Plan - Regulatory Approvals and Other Conditions of the Mergers."

On January 25, 1995, MidSouth filed an application seeking prior approval of the Bank Merger from the Office of the Comptroller of the Currency (the "OCC") and by letter dated January 30, 1995 requested a waiver of approval of the Holding Company Merger from the FRB. MidSouth received the approval from the OCC on March 22, 1995 and the waiver from the FRB on March 17, 1995; however, there is no assurance that the other conditions to consummation of the Mergers will be satisfied. See "The Plan - Regulatory Approvals and Other Conditions of the Mergers."

#### Waiver, Amendment and Termination

The Plan provides that each of the parties thereto may waive any of the conditions to its obligation to consummate the Mergers other than approval by shareholders, the receipt of all necessary regulatory approvals and the satisfaction of all requirements prescribed by law for consummation of the Mergers. Neither MidSouth nor Sugarland intend to waive a condition if such waiver would have a material adverse effect on its own shareholders.

The Plan may be amended at any time before or after its approval by Sugarland's shareholders by the mutual agreement of the Boards of Directors of the parties to the Plan; provided that, under the LBCL, any amendment made subsequent to such shareholder approval may not alter the amount or type of shares into which Sugarland Common Stock will be converted, or alter any term or condition of the Plan in a manner that would adversely affect any Sugarland shareholder. Any such amendment after the Plan has been approved by Sugarland's shareholders will require Sugarland to obtain additional shareholder approval, and to hold another meeting of its shareholders and solicit additional proxies. While MidSouth is entitled to amend the Plan in any respect without approval of its shareholders other than to increase the amount of shares of Preferred Stock issuable thereunder, it does not intend to enter into any material amendment.

The Plan may be terminated at any time prior to the Effective Date by (i) the mutual consent of the Boards of Directors of MidSouth and Sugarland; (ii) the Board of Directors of either MidSouth or Sugarland in the event of a material breach by the other or its subsidiary of any representation, warranty or covenant in the Plan which cannot be cured by the earlier of ten days after written notice of such breach or July 31, 1995; (iii)



the Board of Directors of either MidSouth or Sugarland if by July 31, 1995, all the conditions to closing required by the Plan have not been met or waived, cannot be met or the Mergers have not occurred; (iv) the Board of Directors of MidSouth if, at the time of the closing, the number of shares of Sugarland Common Stock as to which holders thereof are legally entitled to assert dissenters' rights exceeds five percent of the total number of shares of Sugarland Common Stock outstanding on the Closing Date; (v) the Board of Directors of MidSouth if Sugarland's Board of Directors (A) withdraws, modifies or changes its recommendation to its shareholders of the Plan or resolves to do so, (B) recommends to its shareholders (i) any other merger, consolidation, share exchange, business combination or other similar transaction, (ii) any sale, lease, transfer or other disposition of all or substantially all of the assets of Sugarland or the Bank or (iii) any acquisition by any person or group of the beneficial ownership of thirty-three and one-third percent or more of any class of Sugarland's capital stock or (C) makes any announcement of an intention or agreement to do any of the foregoing. See "The Plan - Waiver, Amendment and Termination."

#### Interests of Certain Persons in the Mergers

MidSouth and MidSouth Bank have agreed that, subject to certain conditions, they will indemnify each person who served as an officer or director of Sugarland or the Bank at any time from December 31, 1992, and who has executed an agreement described under "Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five-Percent Shareholders," from and against all damages, liabilities, judgments and claims and related expenses based upon or arising out of such person's service in such capacity to the same extent as he would have been indemnified under the applicable Articles of Incorporation or Bylaws of Sugarland or the Bank, as appropriate, as they were in effect on December 28, 1994. The aggregate amount of indemnification payments required to be made by MidSouth and MidSouth Bank to such persons is \$1.2 million and any claim for such indemnification must be submitted in writing to the Chief Executive Officer of MidSouth prior to December 28, 1999.

The Plan also provides for indemnification of Sugarland's and the Bank's officers, directors and controlling persons from and against any claims arising out of or based on an untrue statement or omission of a material fact required to be stated in the Registration Statement of which this Joint Proxy Statement and Prospectus forms a part. This indemnification does not apply to statements made in reliance on information furnished to MidSouth by Sugarland.

MidSouth and MidSouth Bank have agreed to continue the employment of D. J. Tranchina, the President and a director of Sugarland and the Bank, for not less than three years at an annual salary of \$66,000, the same salary at which he is currently employed by Sugarland. MidSouth and MidSouth Bank have also agreed to continue the employment for not less than two years of Irving Boudreaux, Executive Vice-President of the Bank, Gwen Granger, Senior Vice-President and Cashier of the Bank, and Susan Davis, Assistant Vice-President of the Bank, at their current salaries of \$45,600, \$38,400 and \$27,000 respectively. None of the foregoing persons will be directors or executive officers of MidSouth or MidSouth Bank.

#### Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five-Percent Shareholders.

As a condition to the consummation of the Mergers, each director and executive officer of Sugarland and each shareholder who beneficially owns 5% or more of the outstanding shares of Sugarland Common Stock has executed an individual agreement pursuant to which such shareholder has agreed (i) to vote as a shareholder in favor of the Plan and against any other proposal relating to the sale or disposition of the Bank or Sugarland unless MidSouth or MidSouth Bank is in breach or default, in any material respect, with regard to any covenant, representation, or warranty as to it contained in the Plan to an extent that would permit Sugarland to terminate the Plan pursuant to the terms thereof; (ii) not to transfer any shares of Sugarland Common Stock, except under certain conditions and with respect to transfers by operation of law; (iii) prior to the Effective Date or until termination of the Plan, and except to the extent required to discharge properly his fiduciary duties as a director of Sugarland, not to solicit, encourage, initiate or participate in any negotiations or discussions concerning the acquisition of all or a substantial portion of the assets of, or of a



substantial equity interest in, or any business combination with Sugarland or the Bank without the prior approval of the Chief Executive Officer of MidSouth or his designee, and to notify MidSouth immediately if any such proposal or inquiries are received by him; (iv) to release MidSouth and MidSouth Bank from any indemnification obligations that either of them may have to indemnify him in his capacity as an officer, director or employee of Sugarland or the Bank except as set forth in the Plan; (v) not to assume a significant proprietary position with or serve as a director, officer or employee of, or advisor to, a financial institution that competes in Iberia and Lafayette Parishes with the business of Bank as continued by MidSouth Bank for a period of two years following the Effective Date; and (vi) not to trade in MidSouth Common Stock until the Effective Time of the Holding Company Merger or until the Plan has been terminated. See "The Plan - Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five-Percent Shareholders."

#### Employee Benefits

Pursuant to the Plan, MidSouth has agreed that, from and after the Effective Date, MidSouth and MidSouth Bank will offer to all persons who were employees of Sugarland or the Bank immediately prior to the Effective Date and who become employees of MidSouth or MidSouth Bank following the Mergers, the same employee benefits as are offered by MidSouth or MidSouth Bank, as the case may be, to its employees, except that there will not be a waiting period for coverage under any of its plans, and no employee of Sugarland or the Bank who is an active employee on the Effective Date will be denied benefits under such plans for a pre-existing condition. Full credit will be given for prior service by such employees with Sugarland or the Bank for eligibility and vesting purposes under all of MidSouth's and MidSouth Bank's benefit plans and policies. All benefits accrued through the Effective Date under the benefit plans of Sugarland or the Bank will be paid by MidSouth or MidSouth Bank as the case may be to the extent such benefits are not otherwise provided to such employees through the benefit plans of MidSouth or MidSouth Bank, as the case may be. MidSouth and MidSouth Bank are not obligated to continue any employee benefit or ERISA plans maintained by Sugarland or the Bank prior to the Effective Date. See "The Plan - Employee Benefits."

#### Certain Federal Income Tax Consequences

The Companies have received an opinion from Deloitte & Touche LLP to the effect that, among other things, each of the Mergers will qualify as a tax-free reorganization under applicable law, and that each Sugarland shareholder who receives MidSouth Preferred Stock pursuant to the Holding Company Merger will not recognize gain or loss except with respect to the receipt of cash (i) in lieu of fractional shares of MidSouth Common Stock, or (ii) pursuant to the exercise of dissenters' rights. It is recommended that each shareholder of Sugarland consult his tax advisor concerning the applicable state and local income tax consequences of the Mergers to him. See "Certain Federal Income Tax Consequences."

#### Accounting Treatment

It is anticipated that the Mergers will be accounted for as a "purchase," as that term is used pursuant to generally accepted accounting principles for accounting and financial reporting purposes. Under the purchase method of accounting, the assets and liabilities of Sugarland as of the Effective Date will be recorded at their estimated respective fair values and added to those of MidSouth. Financial statements of MidSouth issued after the Effective Date will reflect such values and will not be restated retroactively to reflect the historical financial position or results of operations of Sugarland.

#### Dissenters' Rights

Under certain conditions, and by complying with the specific procedures required by statute and described herein, shareholders of Sugarland will have the right to dissent from the Holding Company Merger, in which event, if the Holding Company Merger is consummated, they will be entitled to receive in cash the fair value of their shares of Sugarland Common Stock. See "Dissenters' Rights." Shareholders of MidSouth will not have dissenters' rights.

#### Selected Financial Data of Sugarland

The following selected financial data of Sugarland with respect to each year in the five-year period ended December 31, 1994, has been derived from Sugarland's consolidated financial statements and should be read in conjunction with Sugarland's consolidated financial statements, the notes thereto and "Sugarland Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Joint Proxy Statement and Prospectus.

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(In thousands of dollars, except per share data)  
Years Ended December 31,

	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Average Balance Sheet Data:					
Total assets	\$ 17,188	\$ 18,037	\$ 17,125	\$ 15,967	\$ 15,117
Earning assets	14,715	15,625	14,563	13,544	12,862
Loans (net of unearned discount)	8,296	8,221	8,102	8,008	6,872
Deposits	15,005	15,900	15,093	14,053	13,293
Shareholders' equity	2,120	2,056	1,932	1,840	1,746
Income Statement Data:					
Total interest income	\$ 1,219	\$ 1,268	\$ 1,295	\$ 1,381	\$ 1,357
Net interest income	853	860	793	716	638
Provision for possible loan losses	--	--	--	--	--
Net income	162	188	137	121	114
Per Share Data:					
Net income	\$ 0.87	\$ 1.01	\$ 0.73	\$ 0.64	\$ 0.61
Cash dividends	--	.20	.18	.15	.15
Book value (period end)	11.25	11.30	10.51	10.00	9.51
Selected Ratios:					
Net income as a period of average total assets	0.94%	1.04%	0.80%	0.76%	0.75%
Net income as a percent of average equity	7.64%	9.14%	7.09%	6.58%	6.53%
Average equity as a percent of average assets	12.33%	11.40%	11.28%	11.52%	11.55%

</TABLE>

Selected Financial Data of MidSouth

The following selected financial data with respect to each of the fiscal years in the five-year period ended December 31, 1994, has been derived from MidSouth's consolidated financial statements and should be read in conjunction with the documents incorporated by reference in this Joint Proxy Statement and Prospectus.

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(In thousands of dollars, except per share data)  
Years Ended December 31,

	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Average Balance Sheet Data:					
Total assets	\$ 101,547	\$ 86,482	\$ 82,296	\$ 82,296	\$ 82,456
Earning assets	93,047	78,750	75,432	74,859	74,148
Loans and leases	55,601	45,124	39,951	41,956	44,984
Securities	33,716	28,655	32,112	27,128	25,069
Deposits	94,164	80,466	77,667	78,610	77,659
Long-term debt <FN1>	1,196	786	954	983	1,039
Shareholders' equity	5,443	4,267	2,887	1,973	2,790
Income Statement Data:					
Total interest income	\$ 7,388	\$ 6,371	\$ 6,683	\$ 7,698	\$ 8,300
Net interest income	5,412	4,567	4,272	3,958	4,001
Provision for loan losses	210	306	365	518	2,318
Other income (exclusive of securities transactions)	1,422	1,161	1,046	1,000	1,012
Operating expense	4,882	4,653	4,106	4,103	4,301
Net income	1,142	1,245	905	441	(1,685)
Per Share Data:					
Earnings per share<FN2>	\$ 1.61	\$ 1.93	\$ 1.46	\$ 0.81	\$ (3.23)
Cash dividends	N/A	N/A	N/A	N/A	N/A
Book value (period ended)	7.53	8.15	5.73	4.21	3.16
High stock price<FN3>	12.50	9.52	N/A	N/A	N/A
Low stock price<FN3>	8.75	8.81	N/A	N/A	N/A
Key ratios:					
Net income as a percent of average total assets<FN4>	1.12%	1.13%	1.10%	.54%	(2.03%)

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(In thousands of dollars, except per share data)  
Years Ended December 31,

	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Net income as a percent of average equity<FN4>	20.98%	22.88%	31.33%	22.35%	(60.44%)
Net interest margin	5.81%	5.80%	5.66%	5.30%	5.43%
Allowance for loan losses to loans and leases	1.45%	1.66%	2.09%	2.14%	3.11%
Leverage ratio	6.45%	5.94%	5.06%	3.84%	2.78%
Dividend payout ratio	N/A	N/A	N/A	N/A	N/A

</TABLE>

Notes:

<FN1> Actual figures have been provided for long-term debt

obligations which include an ESOP borrowing and, in 1994, FHLB borrowings.

<FN2> Earnings per share have been adjusted for a 5% stock dividend paid by the Company on February 18, 1994.

<FN3> No market price information is available for the years 1992, 1991 and 1990.

<FN4> Exclusive of income taxes, extraordinary item and cumulative effect of accounting change for the year ended December 31, 1993.

Comparative Per Share Data (Unaudited)

The following table presents certain information for MidSouth and Sugarland on an historical, unaudited pro forma combined and unaudited pro forma equivalent basis. The unaudited pro forma combined information is based upon the historical financial condition and results of operations of the Companies and adjustments directly attributable to the proposed Holding Company Merger based on estimates derived from information currently available. They do not purport to be indicative of the results that would actually have been obtained if the Holding Company Merger had been in effect on the date or for the periods indicated below, or the results that may be obtained in the future.

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Comparative Per Share Data (unaudited)

December 31, 1994	Historical		Pro Forma Combined <C>	Sugarland Equivalent<FN1> <C>
	MidSouth <C>	Sugarland <C>		
<S> Primary earnings per common share diluted	\$1.61	\$0.87	\$1.48	\$1.48
Fully diluted earnings per common share	NA	NA	1.42	1.42
Dividends declared per common share	-	-	-	-
Book value per common share	\$7.53	\$11.25	\$8.92<FN2>	8.92<FN2>
March 31, 1994	Historical		Pro Forma Combined	Sugarland Equivalent<FN1>
	MidSouth	Sugarland		
Primary earnings per common share	\$0.42	\$0.26	\$0.40	\$0.40
Fully diluted earnings per common share	NA	NA	\$0.38	\$0.38
Dividends declared per common share	-	-	-	-
Book value per common share	\$8.62	\$11.90	\$9.79<FN2>	\$9.79<FN2>

</TABLE>

<FN1>Pro forma equivalent amounts are calculated by multiplying the combined pro forma amount by 1.0, the number of shares of MidSouth Preferred Stock that each holder of Sugarland Common Stock will receive for each share of his Sugarland Common Stock upon consummation of the Mergers and assuming that each share of Preferred Stock has been converted into MidSouth Common Stock.

<FN2>Based on common shares outstanding and assuming conversion of MidSouth Preferred Stock into MidSouth Common Stock.

Market Prices and Dividends

The Plan provides that MidSouth will use its best efforts to cause the Preferred Stock be listed for trading on the American Stock Exchange Emerging Companies Market ("AMEX"), and MidSouth has been advised by the staff of Amex that the Preferred Stock

will be so listed. Any such listing will not be effective until the Preferred Stock is issued, and there can be no assurance as to what the initial price of the Preferred Stock will be if and when listed. The listing of the Preferred Stock does not assure that there will be an active trading market in the Preferred Stock and, given that the number of initial holders of Preferred Stock will be relatively small, and the fact that MidSouth's Common Stock is thinly traded relative to the Common Stock of other large bank holding companies, it is likely that there will be limited and sporadic trading in the Preferred Stock.

The holders of shares of the Preferred Stock have the right to convert all or any part of the Preferred Stock into shares of MidSouth Common Stock at the conversion rate of one share of MidSouth Common Stock for each share of Preferred Stock converted, subject to adjustment from time to time in the event of a dividend or distribution paid to the holders of MidSouth Common Stock in shares of MidSouth Common Stock, a stock split or reverse stock split of MidSouth Common Stock, a reclassification of the MidSouth Common Stock, or certain business combination transactions involving MidSouth, as provided in MidSouth's Articles of Incorporation. On December 27, 1994, the day preceding the date that the Companies entered into the Plan, the closing sales price for a share of MidSouth Common Stock, as quoted on the AMEX, was \$11.25. On June \_\_, 1995, the closing sales price for a share of MidSouth Common Stock was \_\_\_\_\_. No assurance can be given as to the market price of MidSouth Common Stock on the Effective Date.

Sugarland Common Stock is not actively traded, and there is no established trading market for the stock. There are no bid or asked prices available for Sugarland Common Stock.

MidSouth has not paid cash dividends on its common stock in the past two years. MidSouth intends, however, to consider paying dividends on its common stock beginning in the latter part of 1995 or early part of 1996. Sugarland paid a dividend of \$.20 per share on its common stock during 1993 but has not paid a dividend since that time. The Plan does not permit Sugarland to pay any further dividends without the prior consent of MidSouth.

See "Information About Sugarland - Market Prices and Dividends."

#### INTRODUCTORY STATEMENT

##### General

This Joint Proxy Statement and Prospectus is furnished to the shareholders of Sugarland Bancshares, Inc. ("Sugarland") and MidSouth Bancorp, Inc. ("MidSouth") in connection with the solicitation of proxies on behalf of the respective Boards of Directors of Sugarland and MidSouth for use at a special meeting of the shareholders of Sugarland (the "Special Meeting") and the annual meeting of the shareholders of MidSouth (the "Annual Meeting," which collectively with the Special Meeting are referred to herein as the "Meetings") to be held on the dates and at the times and places specified in the accompanying Notice of Special Meeting of Shareholders of Sugarland and Notice of Annual Meeting of Shareholders of MidSouth, or any adjournments thereof. No proxy given by any shareholder who voted against the proposals described herein, however, will be voted in favor of any proposal to adjourn the Meetings. Sugarland and MidSouth (collectively, the "Companies") have each supplied all information included herein with respect to it and its subsidiary.

##### Purpose of the Meetings

The purpose of the Special Meeting is to consider and vote upon a proposal to approve an Agreement and Plan of Merger between MidSouth and Sugarland and a related Agreement of Merger between MidSouth National Bank ("MidSouth Bank") and the Bank (the "Bank Merger Agreement," which collectively with the Agreement and Plan of Merger, is referred to as the "Plan"). Pursuant to the Plan, the Bank will be merged into MidSouth Bank (the "Bank Merger") and Sugarland will be merged into MidSouth (the "Holding Company Merger," which, collectively with the Bank Merger, are referred to as the "Mergers") with the result that the business and properties of Sugarland will become the business and properties of MidSouth and, except for shares of Sugarland's common stock to which dissenters' rights have been perfected, each outstanding share of Sugarland common stock ("Sugarland Common Stock") will be converted into one share of Series A Cumulative Convertible Preferred Stock of MidSouth (the

"Preferred Stock") as described under the caption "The Plan - Conversion of Sugarland Common Stock."

The purpose of the Annual Meeting is, among other things, to elect directors of MidSouth and to consider and vote upon a proposal to approve the issuance of up to 187,286 shares of Preferred Stock of MidSouth to be issued to shareholders of Sugarland in exchange for their Sugarland Common Stock in connection with the Mergers. See "Election of Directors of MidSouth."

Shares Entitled to Vote; Quorum; Vote Required

Only holders of record of MidSouth's common stock ("MidSouth Common Stock") at the close of business on June 7, 1995 are entitled to notice of and to vote at the Annual Meeting. On that date there were 717,753 shares of MidSouth Common Stock outstanding, each of which is entitled to one vote on each matter properly brought before the Annual Meeting. Only holders of record of Sugarland Common Stock at the close of business on June 7, 1995 are entitled to notice of and to vote at the Special Meeting. On that date there were 187,286 shares of Sugarland Common Stock outstanding, each of which is entitled to one vote on each matter properly brought before the Special Meeting.

With respect to any matter properly brought before the Meetings, the presence at the Meetings, in person or by proxy, of the holders of a majority of the outstanding shares of the respective Companies' common stock is necessary to constitute a quorum.

The Plan must be approved by the shareholders of Sugarland by the affirmative vote of two-thirds of the voting power present, in person or by proxy, at the Special Meeting. An abstention will have the effect of a vote against the Plan. However, unless the Plan is approved by the holders of at least 80% of the Sugarland Common Stock, dissenters' rights will apply and an abstention will cause a shareholder otherwise entitled to dissenters' rights to forfeit any claim to such rights. See "Dissenters' Rights." If brokers who do not receive instructions from beneficial owners as to granting or withholding of proxies may not or do not exercise discretionary power to grant a proxy with respect to such shares (a "broker non-vote") on a proposal, including the proposal to approve the Plan, shares not voted on such proposal will be counted as not present with respect to the proposal.

Under the Louisiana Business Corporation Law (the "LBCL") and the Articles of Incorporation of MidSouth, the shareholders of MidSouth are not required to approve the Mergers. However, under the rules of the American Stock Exchange Emerging Company Market (the "AMEX") on which MidSouth Common Stock is listed, shareholder approval is required for the issuance of the Preferred Stock. The issuance of the Preferred Stock must be approved by the affirmative vote a majority of the votes cast at the Annual Meeting. Abstentions and broker non-votes will not be counted in the determination of the total number of votes cast.

Directors, executive officers and certain principal shareholders of Sugarland beneficially owning an aggregate of 89,956 shares, or approximately 48.03% of the outstanding Sugarland Common Stock, have executed agreements pursuant to which they have agreed, among other things, to vote in favor of the Plan. See "Voting and Other Agreements with Sugarland's Directors, Executive Officers and Five-Percent Shareholders." Accordingly, management of Sugarland believes that Sugarland will obtain the vote required for approval of the Plan. The directors and executive officers of MidSouth having voting power with respect to an aggregate of 271,143 shares, or approximately 37.8% of the outstanding MidSouth Common Stock, have informed MidSouth that they intend to approve the issuance of the Preferred Stock, and, accordingly, management of MidSouth believes that MidSouth will obtain the vote required for approval of the issuance of the Preferred Stock.

Solicitation, Voting and Revocation of Proxies

In addition to soliciting proxies by mail, directors, officers and employees of the Companies, without receiving additional compensation therefor, may solicit proxies by telephone and in person. Arrangements will also be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares of the Companies' stock, and the Companies will reimburse such parties for reasonable out-of-pocket expenses incurred in

connection therewith. The cost to Sugarland of soliciting proxies is being paid for by Sugarland, and the cost to MidSouth of soliciting proxies is being paid for by MidSouth.

The proxies that accompany this Joint Proxy Statement and Prospectus permit each holder of record of the Companies' common stock on the applicable record date to vote on all matters that properly come before the Special Meeting or Annual Meeting. When a shareholder of Sugarland specifies his choice on the proxy with respect to the proposal to approve the Plan, the shares represented by the proxy will be voted in accordance with such specification. If no such specification is made, the shares represented by an executed proxy will be voted in favor of the proposal to approve the Plan. If a shareholder of Sugarland does not sign and return a proxy and specify on the proxy an instruction to vote against the Plan, he will not be able to exercise dissenters' rights with respect to the Holding Company Merger unless he attends the Special Meeting in person and votes against the Plan, and gives written notice of his dissent from the Plan at or prior to the Special Meeting. See "Dissenters' Rights." A shareholder of Sugarland may revoke his proxy by (i) giving written notice of revocation to Ronald R. Hebert, Sr., Secretary, Sugarland Bancshares, Inc., 1527 W. Main Street, Jeanerette, Louisiana 70544; or (ii) executing and delivering to Sugarland at any time before its exercise a later dated proxy or (iii) attending the Special Meeting and voting in person.

Where a shareholder of MidSouth specifies his choice on the proxy with respect to the approval of the issuance of the Preferred Stock, the shares represented by proxy will be voted in accordance with such specification. If no such specification is made, the shares represented by an executed proxy will be voted in favor of the issuance of the Preferred Stock and in favor of the election of the Directors of MidSouth named in the proxy. An abstention or broker non-vote will not be counted in the determination of the total number of votes cast. A shareholder of MidSouth may revoke his proxy by (i) giving written notice of revocation to Karen L. Hail, Secretary, MidSouth Bancorp, Inc., 102 Versailles Boulevard, Versailles Centre, Lafayette, Louisiana 70501; or (ii) executing and delivering to MidSouth at any time before its exercise a later dated proxy or (iii) attending the Annual Meeting and voting in person.

No matters are expected to be considered at the Special Meeting other than the proposal to approve the Plan, and no matters are expected to be considered at the Annual Meeting other than the proposal to approve the issuance of the Preferred Stock and the election of directors of MidSouth. If any other matters should properly come before either of the meetings, it is intended that proxies in the form accompanying this Joint Proxy Statement and Prospectus will be voted on all such matters in accordance with the judgment of the person(s) voting such proxies, except that no proxy given by any shareholder who voted against the Plan or the issuance of the Preferred Stock will be voted in favor of a proposal to adjourn the Meetings.

#### THE PLAN

##### General

The transactions contemplated by the Plan are to be effected in accordance with the terms and conditions set forth in the Plan, which is incorporated herein by reference. The following brief description does not purport to be complete and is qualified in its entirety by reference to the Plan. For information concerning obtaining a copy of the Plan, see "Available Information."

The ultimate result of the transactions contemplated by the Plan will be that the business and properties of the Bank will become the business and properties of MidSouth Bank, the business and properties of Sugarland will become the business and properties of MidSouth, and the shareholders of Sugarland will become shareholders of Preferred Stock of MidSouth. The steps taken to achieve this result involve the following transactions: (i) the Bank will be merged into MidSouth Bank and the separate existence of the Bank will cease; (ii) Sugarland will be merged into MidSouth and the separate existence of Sugarland will cease; and (iii) shareholders of Sugarland will receive the consideration described below under the heading "The Plan - Conversion of Sugarland Common Stock."

##### Background of and Reasons for the Plan

Background. In 1987, C.R. Cloutier, President of MidSouth and MidSouth Bank, and D.J. Tranchina, President of Sugarland and

the Bank, first discussed generally the possibility of a business combination between the Companies and the Banks. After preliminary discussions, the Companies and the Banks each determined not to pursue a business combination at that time. In September 1993, Messrs. Cloutier and Tranchina again discussed in general terms the possibility of a business combination between the Companies and the Banks and expressed interest in exploring fully such a transaction.

On April 13, 1994, Will G. Charbonnet, Sr., Chairman of the Board of MidSouth and MidSouth Bank, and Mr. Cloutier presented to Sugarland's Board of Directors a written proposal to merge the Companies and the Banks. Representatives of the Companies and the Banks continued to discuss the terms of a business combination. On May 26, 1994, Sugarland retained Chaffe & Associates, Inc. ("Chaffe") as its financial advisor in connection with a possible business combination with MidSouth, and on August 19, 1994, the Companies agreed to a confidentiality agreement and exchanged certain confidential information concerning their respective companies as a means of exploring further a business combination between the Companies.

Over the next several months, the Companies exchanged drafts of a proposed merger agreement and engaged in detailed negotiations concerning the terms of the proposed Mergers. On December 8, 1994, the Boards of Directors of Sugarland and the Bank held a special joint meeting to consider the proposed Mergers. At the meeting, Sugarland's Board of Directors, management and legal and financial advisors reviewed the background of, and rationale for, the proposed Mergers, the terms of the Plan, the potential risks and benefits of the Mergers and the financial and evaluation analyses of the transaction. Chaffe delivered its opinion to Sugarland's Board of Directors, subsequently confirmed in writing, that the exchange ratio in the proposed merger of Sugarland and MidSouth was fair to Sugarland's shareholders, from a financial point of view, as of such date. On December 14, 1994, MidSouth's Board of Directors met and approved the proposed Mergers and the Plan.

Reasons for the Plan. The Board of Directors of Sugarland believes that approval of the Plan is in the best interest of Sugarland and its shareholders. In reaching its decision to recommend the Plan, Sugarland's Board of Directors consulted with its financial and other advisors, as well as with Sugarland's management, and considered the following material factors:

- (a) The business, financial condition, results of operations and prospects of each of MidSouth and Sugarland;
- (b) The market for the Bank's services and the likelihood that the Bank would continue to face competitive pressures in its market area from banks and other financial institutions with greater financial resources capable of offering a broad array of financial services and operating on a narrower profit margin than the Bank;
- (c) The amount and type of consideration to be received by Sugarland's shareholders pursuant to the Plan;
- (d) The market price of MidSouth Common Stock;
- (e) The dividends to which Sugarland's shareholders would be entitled under the terms of the Preferred Stock;
- (f) Each of the Mergers is expected to qualify as a tax-free reorganization so that neither Sugarland nor its shareholders (except to the extent that cash is received in respect of their shares) will recognize any gain in the transaction (see "Certain Federal Income Tax Consequences"); and
- (g) The opinion received from Chaffe that the proposed Exchange Ratio (as defined in such opinion) is fair to Sugarland and its shareholders from a financial point of view (see "Opinion of Chaffe & Associates, Inc.").

Sugarland's Board did not assign any specific or relative weight to the foregoing factors in its consideration of the Plan. Sugarland's Board of Directors believes that the Plan provides significant value to all Sugarland shareholders and will enable them to participate in opportunities for growth that Sugarland's Board of Directors believes the Mergers make possible.



The Board of Directors of MidSouth believes that the Mergers are in the best interests of MidSouth and its shareholders. In addition to the financial terms, among the factors considered by the Board in approving the Plan were (i) the increased competitive advantages available to MidSouth Bank through the combined capital of the Banks and the economies of scale created as a result of the Mergers and (ii) the increased market share and additional markets available to MidSouth as a result of the Mergers.

The financial and other terms of the Plan were arrived at through arm's length negotiations between representatives of the Companies. Determination of the consideration to be received by Sugarland's shareholders in exchange for their stock was based upon various factors considered by the Boards of the Companies, including primarily the comparative financial condition, historical results of operations, current business and future prospects of the Companies and the Banks, the market price and historical earnings per share of the common stock of the Companies, and the desirability of combining the financial and managerial resources of MidSouth Bank and the Bank to pursue available consumer and commercial banking business in Lafayette, Jefferson, Iberia and St. Martin Parishes and surrounding areas.

The Board of Directors of Sugarland approved the Plan and recommends that its shareholders vote FOR approval of the Plan. The Board of Directors of MidSouth unanimously approved the Plan and recommends that its shareholders approve the issuance of the Preferred Stock.

Opinion of Chaffe & Associates, Inc.

General. Pursuant to an engagement letter dated as of May 26, 1994 (the "Engagement Letter"), Sugarland retained Chaffe to act as its financial advisor in connection with its evaluation of a possible business combination with MidSouth, including providing certain analyses of the financial terms of the Mergers. Chaffe is a recognized investment banking firm and is experienced in the securities industry, in investment analysis and appraisal and in related corporate finance and investment banking activities, including mergers and acquisitions, corporate recapitalizations and valuations for estate, corporate and other purposes. It regularly is retained to perform similar services for other banks and bank holding companies. Sugarland selected Chaffe as its financial advisor on the basis of its experience and expertise in transactions similar to the Mergers and its reputation in the banking and investment communities.

In connection with its engagement as Sugarland's financial advisor with respect to the Mergers, Chaffe was instructed to evaluate the fairness to Sugarland shareholders, from a financial point of view, of the Exchange Ratio (as defined in Chaffe's opinion) in the Mergers. Sugarland did not place any limitations on the scope or manner of Chaffe's investigations and review, and instructed Chaffe to conduct such investigations as it deemed appropriate for purposes of its evaluation. Chaffe was also engaged to provide a valuation of Sugarland Common Stock and to advise Sugarland in its negotiations with MidSouth concerning the consideration to be received by Sugarland's shareholders pursuant to the Plan. Such consideration was determined by Sugarland and MidSouth in their negotiation of the terms of the Plan.

At July 13 and August 10, 1994 meetings of Sugarland's Board of Directors, Chaffe made presentations and presented reports to the Board concerning the proposed Mergers. On December 30, 1994, Chaffe delivered its written opinion that, based upon and subject to the assumptions made, the factors considered, the review undertaken and the limitations stated in such opinion and such other matters as Chaffe considered relevant, the Exchange Ratio in the Holding Company Merger was fair to Sugarland and its shareholders from a financial point of view, as of the date of such written opinion. The full text of Chaffe's written opinion to the Sugarland Board of Directors, which sets forth the assumptions made, matters considered, and limitations of the review by Chaffe, is attached hereto as Appendix A and is incorporated herein by reference. The opinion should be read carefully and in its entirety in connection with this Joint Proxy Statement and Prospectus. The following summary of Chaffe's opinion is qualified in its entirety by reference to the full text of the opinion. Chaffe's opinion does not constitute a recommendation to any shareholder of Sugarland as to how such shareholder should vote at the Special Meeting.

In connection with rendering its December 30, 1994 opinion, Chaffe reviewed materials relating to the Mergers and the

financial and operating condition of the Companies, including, among other information: (i) the Plan; (ii) Sugarland's audited financial statements and other data for recent years and interim periods through September 30, 1994; (iii) the Bank's 1994 budget; (iv) MidSouth's audited financial statements and other data for recent years and interim periods through September 30, 1994; and (v) statistical and financial information for Sugarland and MidSouth and for comparable companies derived from various statistical services, as well as certain publicly available information and analyses relating to them. In addition, Chaffe reviewed certain historical market information for Sugarland Common Stock, for which no independent trading market exists, and certain historical market prices and trading volumes of MidSouth Common Stock on the AMEX. In reporting such information to Sugarland's Board of Directors, Chaffe noted that although there is an independent market for MidSouth Common Stock and there is expected to be an independent market for the Preferred Stock, such stocks are or will be, respectively, thinly traded.

Set forth below is a brief summary of selected analyses performed by Chaffe in connection with its opinion and the reports presented by Chaffe to the Sugarland Board of Directors on July 13, 1994 and August 10, 1994 in connection therewith. The summary set forth below describes the material evaluation methodologies performed by, and material factors considered by, Chaffe. Chaffe's opinion was based on economic, market and other conditions existing as of the date of its opinion, and Chaffe expressed no opinion on the tax consequences of the Plan or the effect of any tax consequences on the value received by the holders of Sugarland Common Stock in the Mergers.

**Analysis of the Companies.** Chaffe analyzed the historical performance of Sugarland and MidSouth, and considered the current financial condition, results of operations and prospects of each. Chaffe analyzed information and data provided by the management of each of Sugarland and MidSouth concerning such company's respective loans, other real estate owned, securities portfolio, fixed assets and operations. With respect to all information reviewed by it relating to the Companies, Chaffe relied, without independent verification, upon the accuracy and completeness of such information. Chaffe did not perform an independent review of the assets or liabilities of Sugarland or MidSouth, and relied solely on the Companies for information as to the condition of each company's loan portfolio, the adequacy of its loan loss reserve and the value of other real estate owned.

In reviewing Sugarland, Chaffe observed that the Bank's improved earnings in 1993 were primarily the result of a decreased cost of funds and a low effective tax rate due to the availability of a net operating loss carry forward. This lower funding cost and tax benefit was a key factor in Sugarland's 1993 profitability. Chaffe noted that Sugarland's 1994 budget projected earnings to be 26.6% less than 1993 earnings, primarily as a result of a shrinking net interest margin. The tax benefit available to Sugarland as a result of the net operating loss carry forward was projected to be unavailable in 1994, making it likely that Sugarland will return to statutory tax rates. Sugarland is experiencing increased competition in its marketplace from new entrants paying higher yields on deposits. Chaffe also noted Sugarland's concentration of agricultural loans and observed that prospects for the local agricultural industry were uncertain as a result of the North American Free Trade Agreement.

**Analysis of the Mergers.** In connection with rendering its opinion and preparing its presentations to the Sugarland Board of Directors, Chaffe performed a variety of financial analyses. Chaffe compared certain financial and stock market data for peer groups of bank holding companies whose securities are publicly traded; reviewed the financial terms of business combinations in the commercial banking industry specifically and other industries generally; considered a number of valuation methodologies, including, among others, those that incorporate book value, deposit base premium and capitalization of earnings; and performed such other studies and analyses as Chaffe deemed relevant for purposes of its opinion. Chaffe also analyzed the terms of the MidSouth Preferred Stock.

**Analysis of Selected Merger Transactions.** In connection with its July 13, 1994 meeting with Sugarland's Board of Directors, Chaffe analyzed premiums paid in acquisitions of selected banks and bank holding companies whose asset size, leverage ratio and return on average assets were comparable to Sugarland's (the "U.S. Peer Group"). Transactions considered in this analysis were those throughout the United States between

March 31, 1993 and June 24, 1994, in which the seller's total assets were between \$10 million and \$50 million, leverage ratio was between 9.0% and 15.0%, and return on average assets was between 0.75% and 1.50%. Chaffe also analyzed premiums paid in acquisitions of selected banks and bank holding companies located in 16 states in the southern United States (the "Southern Peer Group"). Finally, Chaffe analyzed premiums paid in substantially all acquisitions of Louisiana banks from March 31, 1993 through July 12, 1994 (the "Louisiana Acquisitions"). For each bank acquired or to be acquired in such transactions, Chaffe compared the prices to be received by the shareholders of each institution being acquired as a multiple of its tangible equity, its earnings per share for the four quarters prior to such a transaction, its premium over tangible equity to core deposits, and its total assets.

The figures for the U.S. Peer Group, Southern Peer Group and Louisiana Acquisitions produced: (i) median percentages of premium (purchase price in excess of tangible equity) to core deposits of 5.44%, 5.72% and 10.73%, respectively; (ii) median ratios of purchase price to tangible equity of 1.44x, 1.45x and 1.86x, respectively; (iii) median ratios of purchase price to earnings per share for the four quarters prior to transaction of 15.52x, 16.59x and 13.05x, respectively, and (iv) median percentages of purchase price to assets of 14.88%, 15.32% and 17.32%, respectively. In comparison, assuming the consideration to be paid in the Mergers for each share of Sugarland Common Stock equals that number of shares of MidSouth Preferred Stock with a stated value of \$14.25, Chaffe determined that the consideration to be received by the holders of Sugarland Common Stock in the Mergers represented a percentage of premium to core deposits of 3.46%, a ratio of price to tangible equity of 1.20x, a ratio of price to Sugarland's earnings for the twelve months ended March 31, 1994 of 14.12x, a ratio of price to Sugarland's 1994 budgeted earnings of 18.93x, and a percentage of price to assets of 14.34%. Prior to rendering its opinion, Chaffe updated the above-referenced analysis through November 25, 1994. With respect to each of the above-referenced groups of transactions and the proposed Merger, Chaffe compared the prices to be received by the peer groups in the manner described above, and such analysis yielded results substantially similar to those stated above. Chaffe noted that Sugarland's 1994 budgeted earnings were generally in line with Sugarland's actual performance through March 31, 1994 and slightly below actual performance through November 25, 1994. Chaffe noted that the consideration to be paid in the Mergers represented a very high multiple of price to Sugarland's 1994 budgeted earnings. Chaffe believed Sugarland's 1994 budgeted earnings more fairly represented Sugarland's future core earnings capacity than its earnings for the twelve months ended March 31, 1994.

Conclusions based on the foregoing analysis are not mathematical; rather, an analysis of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading value or the acquisition value of the companies to which Sugarland is being compared.

**Discounted Earnings Analysis.** In connection with its July 13, 1994 meeting with Sugarland's Board of Directors, Chaffe calculated, using discounted earnings analysis, the present value of the stream of after-tax cash flows that Sugarland could produce in the future. Chaffe estimated the earnings stream through 2000 and a terminal value after 2000 based upon information provided by Sugarland management, and then discounted such values, using an estimated required rate of return for Sugarland of 12.0%. Chaffe determined that the stated value of the MidSouth Preferred Stock to be received by the holders of Sugarland Common Stock was substantially in excess of the value indicated for Sugarland Common Stock by this type of analysis. Additional earnings analyses were performed at the time of the December 30, 1994 opinion, applying similar methodology and discount rates to the above-described earnings analysis and yielding substantially similar results.

**Dilution Analysis.** Sugarland earned \$0.18 per share for the three months ended March 31, 1994. MidSouth earned \$0.32 per share for the three months ended March 31, 1994. If the Mergers had been consummated at January 1, 1994 and all the Preferred Stock been converted into MidSouth Common Stock immediately after the consummation of the Mergers, each former Sugarland share would have earned approximately \$0.29 per share on a pro forma basis for the three months ended March 31, 1994, giving effect to the immediate conversion of the Preferred

Stock, the applicable exchange ratio and amortization of goodwill. This represented an increase of 60% over Sugarland's earnings per share for the three months ended March 31, 1994. The expected impact of the Mergers on Sugarland's earnings per share under the foregoing analysis was similar for the three months ended March 31, 1994 and the nine months ended September 30, 1994.

Sugarland's book value per share was \$11.47 at March 31, 1994. The stated value per share of the MidSouth Preferred Stock is \$14.25. This represented an increase of 24% over the book value per share of Sugarland Common Stock at March 31, 1994. If the Mergers had been consummated at March 31, 1994 and all the Preferred Stock been converted into MidSouth Common Stock immediately after the consummation of the Mergers, each former Sugarland share would have a book value of \$8.81 on a pro forma basis, giving effect to the immediate conversion of the Preferred Stock and the applicable exchange ratio. This represented a decrease of 23% from the book value per share of Sugarland Common Stock at March 31, 1994. The expected impact of the Mergers on the book value of Sugarland Common Stock under the foregoing analysis was similar at March 31, 1994 and September 30, 1994.

Analysis of MidSouth Preferred Stock. In connection with its August 10, 1994 meeting with Sugarland's Board of Directors, Chaffe examined the proposed terms of the MidSouth Preferred Stock. By using discounted cash flow and option valuation models, Chaffe considered the appropriate market rate for the Preferred Stock, certain information concerning MidSouth Common Stock and proposed conversion provisions for the MidSouth Preferred Stock. Chaffe considered the value of the Preferred Stock based upon assumptions that the Preferred Stock would be redeemed after five years and that the Preferred Stock would not be redeemed. In addition, Chaffe considered the value of the Preferred Stock by taking into account the fact that the Preferred Stock is convertible into MidSouth Common Stock and by excluding any valuation of the convertibility of the Preferred Stock. Under all circumstances, Chaffe determined that the value of the Preferred Stock was within an appropriate range of fair value for the Sugarland Common Stock.

Sugarland declared cash dividends of \$.20 per share of Sugarland Common Stock in 1993. At the time of Chaffe's August 10, 1994 meeting with Sugarland's Board of Directors, under the proposed terms of the Preferred Stock, each share of Preferred Stock would have yielded dividends at a rate of 6.58% per annum. This yield equated to a dividend per each Sugarland share of \$.94, which represented a 370% increase over Sugarland's 1993 Common Stock dividend. In this analysis, Chaffe considered MidSouth's ability to pay dividends on the Preferred Stock, and the fact that there were restrictions in a MidSouth debt instrument on the payment by MidSouth of any dividends, but was advised by MidSouth that such restrictions had been waived in writing by the holder of such instrument.

The foregoing summary does not purport to be a complete description of the analyses performed by Chaffe. The preparation of an opinion necessarily is not susceptible to partial analysis or summary description. Chaffe believes that the summary set forth above and Chaffe's analyses must be considered as a whole and that selecting only a portion of its analyses, without considering all of its analyses, creates an incomplete view of the process underlying Chaffe's opinion.

The analyses performed by Chaffe are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities may trade at the present time or any time in the future. Furthermore, Chaffe may have given certain analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Chaffe's view of the actual value of Sugarland, MidSouth or the combined Companies. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis.

To date, Sugarland has paid Chaffe \$28,581.74 in fees and out-of-pocket expenses for the financial advisory services referred to above, including its services in rendering the opinion. For other services requested of Chaffe by Sugarland,

Sugarland has agreed to pay Chaffe on an hourly basis. Sugarland's Management estimates that the total fees and costs to be paid to Chaffe in connection with the Mergers will be approximately \$30,000, including all amounts previously paid. According to Chaffe, these amounts are insignificant when compared to Chaffe's total gross revenues. The fees received by Chaffe in connection with its services to Sugarland are not dependent upon consummation of the Mergers or any similar transaction, or shareholder or regulatory approval of the Plan.

Prior to its retention in May 1994 as Sugarland's financial advisor, Chaffe had provided no services to Sugarland. Chaffe has not provided any services to MidSouth. Neither Chaffe nor any of its officers or employees has any interest in Sugarland Common Stock, MidSouth Common Stock or MidSouth Preferred Stock.

Pursuant to the Engagement Letter, Sugarland has agreed to indemnify and hold harmless Chaffe, its subsidiaries and affiliates, the officers, directors, shareholders, employees, attorneys, agents and representatives of Chaffe and its subsidiaries and affiliates, and their respective heirs, legatees, legal representatives, successors and assigns from and against any and all damage, loss, cost, expense, obligation, claim or liability, including reasonable attorneys fees and expenses arising directly or indirectly from, or in any way related to, the opinion or any other services performed by Chaffe pursuant to the Engagement Letter, provided that Chaffe and its officers, directors, employees, agents and representatives have not been grossly negligent or guilty of reckless or willful misconduct in connection with the opinion or such other services.

#### Conversion of Sugarland Common Stock

In consideration of the Mergers, each share of Sugarland Common Stock outstanding on the date the Holding Company Merger becomes effective (the "Effective Date") will be converted into one share of MidSouth Preferred Stock having the rights and preferences described below under the heading "Rights and Preferences of MidSouth Preferred Stock." Pursuant to resolutions adopted by the Board of Directors of MidSouth and Sugarland, the deadline for consummating the Mergers has been extended until July 31, 1995, and if the Mergers are not consummated by that date, the Companies may terminate the Plan or waive their right to do so and consummate the Mergers at a later date. However, the Companies intend for the Mergers to be effected as soon as possible after the Annual Meeting and the Special Meeting.

Shareholders who perfect dissenters' rights will not receive MidSouth Preferred Stock but instead will be entitled to receive the "fair cash value" of their shares as determined under Section 131 of the Louisiana Business Corporation Law (the "LBCL"). See "Dissenters' Rights."

In lieu of the issuance of any fractional share of MidSouth Preferred Stock to which a holder of Sugarland Common Stock may be entitled, each shareholder of Sugarland, upon surrender of the certificate or certificates which immediately prior to the Effective Date represented Sugarland Common Stock held by such shareholder, will be entitled to receive a cash payment (without interest) equal to such fractional share multiplied by \$14.25, the stated value of a share of Preferred Stock.

For information regarding restrictions on the transfer of the Preferred Stock by certain Sugarland shareholders, see "Status under Federal Securities Laws; Certain Restrictions on Resales."

#### Effective Date

The Bank Merger Agreement has been filed with the Office of the United States Comptroller of the Currency (the "OCC"), and will be filed for recordation with the Louisiana Commissioner of Financial Institutions (the "Commissioner"), and the Bank Merger will be effective at the time and date specified in a certificate or other written record issued by the OCC, or in the Certificate of Merger issued by the Commissioner, whichever date is later. A Certificate of Merger with respect to the Holding Company Merger will be filed for recordation with the Louisiana Secretary of State as soon as practicable after shareholder approval is obtained and all other conditions to the consummation of the Mergers have been satisfied or waived, and the Holding Company Merger will be effective at the date and time specified in a certificate issued by the Secretary of State. It is intended that the Bank Merger will be consummated immediately after

consummation of the Holding Company Merger. The Companies are not able to predict the Effective Date of the Bank Merger or the Holding Company Merger, and no assurance can be given that the transactions contemplated by the Plan will be effected at any time. See "The Plan - Regulatory Approvals and Other Conditions of the Mergers."

#### Exchange of Certificates

On the Effective Date, each Sugarland shareholder will cease to have any rights as a shareholder of Sugarland, and his sole rights will pertain to the shares of MidSouth Preferred Stock into which his shares of Sugarland Common Stock have been converted pursuant to the Holding Company Merger, except for any such shareholder who exercises statutory dissenters' rights and except for the right to receive cash for any fractional share. See "Dissenters' Rights."

Upon the consummation of the Mergers, a letter of transmittal, together with instructions for the exchange of certificates representing shares of Sugarland Common Stock for certificates representing shares of MidSouth Preferred Stock will be mailed to each person who was a shareholder of record of Sugarland on the Effective Date of the Mergers. Shareholders are requested not to send in their Sugarland Common Stock certificates until they have received a letter of transmittal and further written instructions.

After the Effective Date and until surrendered, certificates representing Sugarland Common Stock will be deemed for all purposes, other than the payment of dividends or other distributions, if any, in respect of MidSouth Preferred Stock, to represent the number of whole shares of MidSouth Preferred Stock into which such shares of Sugarland Common Stock have been converted. MidSouth, at its option, may decline to pay former shareholders of Sugarland who become holders of MidSouth Preferred Stock pursuant to the Holding Company Merger any dividends or other distributions that may have become payable to holders of record of MidSouth Preferred Stock following the Effective Date until they have surrendered their certificates evidencing ownership of shares of Sugarland Common Stock. Any dividends not paid after one year from the date that such dividends were eligible to be paid will revert in ownership to MidSouth, and MidSouth will have no further obligation to pay such dividends.

Sugarland shareholders who cannot locate their certificates are urged to contact promptly Ronald A. Hebert, Sr., Sugarland Bancshares, Inc., 1527 W. Main Street, Jeanerette, Louisiana 70544, telephone number (318) 276-6307. A new certificate will be issued to replace the lost certificate(s) only upon execution by the shareholder of an affidavit certifying that his or her certificate(s) cannot be located and an agreement to indemnify Sugarland or MidSouth, as its successor, against any claim that may be made against them by the owner of the certificate(s) alleged to have been lost or destroyed. Either of the Companies may also require the shareholder to post a bond in such sum as is sufficient to support the shareholder's agreement to indemnify them.

#### Regulatory Approvals and Other Conditions of the Mergers

In addition to shareholder approvals, consummation of the Mergers will require the approval of the OCC, and approval or waiver of prior approval from the FRB. On January 25, 1995, MidSouth filed an application seeking the prior approval of the Bank Merger from the OCC and, by letter dated January 30, 1995, requested a waiver of prior approval from the FRB. MidSouth received OCC approval of the Mergers on March 22, 1995, and confirmation of waiver of prior approval from the FRB on March 17, 1995.

The obligations of the parties to the Plan are also subject to other conditions set forth in the Plan, including, among others: (i) that no action or proceeding has been brought before a court or governmental body to restrain or prohibit the Mergers; (ii) that prior to the Effective Date there has not been a material adverse change in the financial condition, results of operations, business or prospects of the other party or its subsidiary; (iii) the receipt of customary legal opinions; (iv) that on the date of closing, the representations and warranties made in the Plan by each party are true and correct in all material respects; and (v) the receipt by MidSouth and Sugarland of an opinion from Deloitte & Touche LLP to the effect that the Mergers will constitute a reorganization within the meaning of



Section 368(c) of the Internal Revenue Code and that the shareholders of Sugarland will not recognize gain or loss with respect to the shares of Preferred Stock received in the Holding Company Merger. The obligations of MidSouth and MidSouth Bank to consummate the Mergers are also conditioned upon, among other things, that MidSouth has received satisfactory assurance from the FRB or delegated authority that the Preferred Stock will be treated as Tier 1 Capital for the purpose of the capital adequacy guidelines of the FRB; and confirmation from the directors, executive officers and certain principal shareholders of Sugarland as to representations and covenants previously made by them as described under "The Plan - Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five-Percent Shareholders."

The Companies intend to consummate the Mergers as soon as practicable after all of the conditions to the Mergers have been met or waived; however, there can be no assurance that the conditions to the Mergers will be satisfied.

#### Conduct of Business Prior to the Effective Date

Sugarland and the Bank have agreed pursuant to the Plan that, prior to the Effective Date, each will conduct its business only in the ordinary course and that, without the prior written consent of the Chief Executive Officer of MidSouth or his duly authorized designee, and except as otherwise provided in the Plan, Sugarland and the Bank will not, among other things, (a) declare or pay any dividend or change the number of outstanding shares of its capital stock; (b) amend its articles of incorporation or bylaws or adopt or amend any resolution or agreement concerning indemnification of its directors and officers; (c) merge or consolidate with another entity, or sell or dispose of a substantial part of its assets, or except in the ordinary course of business, sell any of its assets; (d) acquire or dispose of investment securities having an aggregate market value greater than 10% of the aggregate book value of its investment securities portfolio as of September 30, 1994; or acquire any investment securities that are less than investment grade, or acquire or dispose of investment securities except in the ordinary course of business; (e) charge off (except as may otherwise be required by law or regulatory authorities or generally accepted accounting principles consistently applied) or sell (except for a price not less than the book value thereof) any of its portfolio of loans, discounts or financing leases; or sell any asset held as other real estate or other foreclosed assets for an amount less than 100% of its book value as of September 30, 1994; or sell any asset held as other real estate or other foreclosed assets that had a book value at September 30, 1994 in excess of \$25,000; (f) enter into or modify any agreement pertaining to compensation arrangements with its present or former directors, officers or employees or increase the compensation of such persons, except for budgeted bonuses or other incentive payments in amounts previously disclosed to the Chief Executive Officer of MidSouth; (g) except in the ordinary course of business consistent with past practices, place or suffer to exist on any of its assets any mortgage, pledge or other encumbrance (except as allowed under the Plan) or cancel any material indebtedness owing to it or any claims which it may possess, or waive any right of substantial value or discharge or satisfy any material noncurrent liability; (h) make any extension of credit which, together with all other extensions of credit to the borrower and its affiliates, would exceed \$100,000, or, without reasonable prior notice to the Chief Executive Officer of MidSouth, or his designee, commit to make any extensions of new credit in excess of \$50,000; (i) fail to pay, or make adequate provision in all material respects for the payment of, all taxes, interest payments and penalties due and payable, except those being contested in good faith by appropriate proceedings and for which sufficient reserves have been established; or (j) enter into any new line of business.

In addition, Sugarland and the Bank have agreed that, without the prior approval of the Chief Executive Officer of MidSouth or his designee, they will not solicit or initiate inquiries or proposals with respect to, or, except as may be necessary as advised in writing by their counsel to discharge properly their fiduciary duties to Sugarland, the Bank and their Shareholders, furnish any information relating to, or participate in any negotiations or discussions concerning, any acquisition or purchase of all or a substantial portion of the assets of, or a substantial equity interest in, or any business combination with Sugarland or the Bank, other than as contemplated by the Plan. Each of Sugarland and the Bank has also agreed to instruct its officers, directors, agents and affiliates to refrain from doing

any of the above and to notify MidSouth immediately if any such inquiries or proposals are received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated with, it or any of its officers, directors, agents and affiliates.

Further, Sugarland has committed that neither Sugarland's Board of Directors nor any committee thereof will (i) withdraw or modify or propose to withdraw or modify in a manner adverse to MidSouth the approval or recommendation to its shareholders of the Plan and the Mergers, (ii) approve or recommend, or propose to recommend any takeover proposal with respect to Sugarland or the Bank, except such action that its counsel advises in writing is necessary to discharge its fiduciary duties to Sugarland and its shareholders, or (iii) modify, or waive or release any party from any material provision of or fail to enforce any material provision of, if enforcement is requested by MidSouth, any confidentiality agreement entered into by Sugarland or the Bank with any prospective acquiror after the date of the Plan or during the two years prior to such date.

Waiver, Amendment and Termination

The Plan provides that the parties thereto may waive any of the conditions to their respective obligations to consummate the Mergers other than the receipt of necessary regulatory approvals, shareholder approvals of the Plan, the satisfaction of all conditions prescribed by law for consummation of the Mergers and certain other conditions that have already been satisfied. A waiver must be in writing and approved by the Board of Directors of the waiving party. Neither MidSouth nor Sugarland intend to waive any condition if such waiver would have a material adverse effect on its own shareholders.

The Plan, including all related agreements, may be amended or modified at any time, before or after shareholder approval, by the mutual agreement in writing of the Boards of Directors of the parties to the Plan; provided that, under the LBCL any amendment made subsequent to such shareholder approval may not alter the amount or type of shares into which Sugarland's Common Stock will be converted, or alter any term or condition of the Plan in a manner that would adversely affect any shareholder of Sugarland. Additionally, the Plan may be amended at any time by the sole action of the Chief Executive Officers of the respective parties to the Plan or their designees to correct typographical errors or other misstatements, or in any other manner, which is not material to the substance of the transactions contemplated by the Plan. Any such amendment after the Plan has been approved by Sugarland's shareholders will require Sugarland to obtain additional shareholder approval and to hold another meeting of its shareholders and solicit additional proxies. While MidSouth is entitled to amend the Plan without approval of its shareholders in any respect other than to increase the amount of shares of Preferred Stock issuable thereunder, it does not intend to enter into any material amendment.

The Plan may be terminated at any time prior to the Effective Date by (i) the mutual consent of the respective Boards of Directors of the Companies; (ii) the Board of Directors of either MidSouth or Sugarland in the event of a material breach by the other or its subsidiary of any representation, warranty or covenant contained in the Plan which cannot be cured by the earlier of 10 days after written notice of such breach or July 31, 1995; (iii) the Board of Directors of either MidSouth or Sugarland if by July 31, 1995 all conditions to consummating the Mergers required by the Plan have not been met or waived, cannot be met, or the Mergers have not occurred; (iv) the Board of Directors of MidSouth if the number of shares of Sugarland Common Stock as to which holders thereof are, at the time of the closing, legally entitled to assert dissenters' rights exceeds 5% of the total number of issued and outstanding shares of Sugarland Common Stock on the Effective Date; or (v) the Board of Directors of MidSouth if the Board of Directors of Sugarland (A) withdraws, modifies or changes its recommendation to its shareholders regarding the Plan and the Mergers or shall have resolved to do any of the foregoing, (B) recommends to its shareholders (1) any merger, consolidation, share exchange, business combination or other similar transaction (other than transactions contemplated by the Plan), (2) any sale, lease, transfer or other disposition of all or substantially all of the assets of Sugarland or the Bank, or (3) any acquisition, by any person or group, of beneficial ownership of one third or more of any class of Sugarland's capital stock, or (C) makes any announcement of a proposal, plan or intention to do any of the foregoing or agreement to engage in any of the foregoing.



## Interests of Certain Persons in the Mergers

Pursuant to the Plan, MidSouth and MidSouth Bank have agreed that, following the Effective Date, they will indemnify each person who as of the Effective Date served as an officer or director of Sugarland or the Bank, or who has previously served as an officer or director of Sugarland or the Bank at any time since December 31, 1992 (an "Indemnified Person") from and against all damages, liabilities, judgments and claims, and related expenses, based upon or arising out of such person's service as an officer or director of Sugarland or the Bank, to the same extent as he would have been indemnified under the Articles or Bylaws of Sugarland or the Bank, as appropriate, as such Articles or Bylaws were in effect on December 28, 1994. The aggregate amount of indemnification payments required to be made by MidSouth and MidSouth Bank pursuant to the Plan is \$1.2 million. Indemnification otherwise required to be paid by MidSouth or MidSouth Bank will be reduced by any amounts that the Indemnified Person recovers by virtue of the claim for which indemnification is sought, and no Indemnified Person is entitled to indemnification for any claim made prior to the closing date of which the Indemnified Person, Sugarland or the Bank was aware but did not disclose to MidSouth prior to the execution of the Plan (if such claim was known at such time) or prior to the closing date (if such claim became known after execution of the Plan). Receipt of the indemnification benefits set forth in the Plan by a director or officer of Sugarland and the Bank is conditioned upon his execution of an agreement described in more detail under the heading "Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five-Percent Shareholders." Any claim for indemnification pursuant to the Plan must be submitted in writing to MidSouth's Chief Executive Officer prior to December 28, 1999.

MidSouth has also agreed to indemnify Sugarland, the Bank, and each of the directors, officers and controlling persons of Sugarland against any claim insofar as it arises from, or is based upon, an untrue statement or omission, or alleged untrue statement or omission, of a material fact in the Registration Statement or the Joint Proxy Statement and Prospectus to the extent that such untrue statement or omission was not made in reliance on, and in conformance with, information furnished to MidSouth by Sugarland. The \$1.2 million limit on MidSouth's indemnification obligation discussed above does not apply to MidSouth's indemnification obligations with respect to the Registration Statement and Joint Proxy Statement and Prospectus. Any person making a claim for indemnification for damages arising from misstatements or omissions in the Registration Statement or Joint Proxy Statement and Prospectus must promptly notify MidSouth of any such claim. MidSouth shall have the right to assume the defense thereof and will not be liable for any expenses subsequently incurred by such person in connection with the defense thereof, except that if MidSouth does not assume such defense, or counsel for the person making a claim is advised in writing that there are material substantive issues that raise conflicts of interest between MidSouth and such person, the person claiming indemnification may retain counsel satisfactory to him and MidSouth shall pay all reasonable fees and expenses of such counsel, provided that (i) MidSouth shall be obligated to pay for only one counsel for all persons making a claim in any jurisdiction, (ii) all such persons will cooperate in the defense of their claims, and (iii) MidSouth will not be liable for any settlement effected without its prior written consent.

MidSouth and MidSouth Bank have agreed to continue the employment of D. J. Tranchina, the President and a director of Sugarland and the Bank, for not less than three years at an annual salary of \$66,000, the same salary at which is currently employed by Sugarland. MidSouth and MidSouth Bank have also agreed to continue the employment, for not less than two years, of Irving Boudreaux, Vice-President of the Bank, Gwen Granger, Senior Vice-President and Cashier of the Bank, and Susan Davis, Assistant Vice-President of the Bank, at their current salaries of \$45,600, \$38,400 and \$27,000 respectively. None of the foregoing persons will be directors or executive officers of MidSouth or MidSouth Bank.

### Voting and Other Agreements of Sugarland's Directors, Executive Officers and Five-Percent Shareholders

As a condition to consummation of the Mergers, each Sugarland director and executive officer and each shareholder owning 5% or more of Sugarland Common Stock has executed an individual agreement (a "Joinder Agreement") pursuant to which he

has agreed (i) solely in his capacity as a shareholder of Sugarland, to vote in favor of the Plan and against any other proposal relating to the sale or disposition of the Bank or Sugarland, unless MidSouth or MidSouth Bank is in breach or default in any material respect with regard to any covenant, representation or warranty as to it contained in the Plan to an extent that would permit Sugarland to terminate the Plan pursuant to the terms thereof; (ii) not to transfer any of the shares of Sugarland Common Stock over which he has dispositive power, or grant any proxy thereto not approved by MidSouth, until the earlier of the Effective Date or the date that the Plan has been terminated, except for transfers by operation of law or transfers in connection with which the transferee agrees to be bound by the Joinder Agreement; (iii) not to purchase, sell or otherwise deal in MidSouth Common Stock until the Effective Date or termination of the Plan; (iv) to release, as of the Effective Date, MidSouth and MidSouth Bank from any obligation that either of them may have to indemnify such shareholder for acts taken as an officer, director or employee of Sugarland or the Bank, except to the extent set forth in the Plan; (v) prior to the Effective Date or until termination of the Plan, and except to the extent required to discharge properly his fiduciary duties as a director of Sugarland, not to solicit, encourage, initiate or participate in any negotiations or discussions concerning the acquisition of all or a substantial portion of the assets of, or of a substantial equity interest in, or any business combination with, Sugarland or the Bank, without the prior approval of the Chief Executive Officer of MidSouth or his designees, and to notify MidSouth immediately if any such proposals or inquiries are received by him; and (vi) for a period of two years following the Effective Date, not to serve as a director, officer, employee or advisor of, or have any investment in any financial institution that competes with the business of Bank as continued by MidSouth Bank in Iberia and Lafayette Parishes; however, such person may continue to hold any investment that he held on the date of the Joinder Agreement and may make an investment in any such financial institution if the investment does not materially enhance the ability of such institution to compete with MidSouth Bank.

#### Employee Benefits

Pursuant to the Plan, MidSouth has agreed that, from and after the Effective Date, MidSouth and MidSouth Bank will offer to all persons who were employees of Sugarland or the Bank immediately prior to the Effective Date and who become employees of MidSouth or MidSouth Bank following the Mergers, the same employee benefits as are offered by MidSouth or MidSouth Bank, as the case may be, to its employees, except that there will not be a waiting period for coverage under any of its plans, and no employee of Sugarland or the Bank who is an active employee on the Effective Date will be denied such benefits for a pre-existing condition. Full credit will be given for prior service by such employees with Sugarland or the Bank for eligibility and vesting purposes under all of MidSouth's or MidSouth Bank's benefit plans and policies. In addition, all benefits accrued through the Effective Date under Sugarland's and the Bank's benefit plans will be paid by MidSouth or MidSouth Bank to the extent such benefits are not otherwise provided to such employees under the benefit plans of MidSouth or MidSouth Bank.

#### Expenses

The Plan provides that regardless of whether the Mergers are consummated, expenses incurred in connection with the Plan and the transactions contemplated thereby shall be borne by the party that has incurred them. If certain expenses incurred by Sugarland relating to the Mergers exceed \$110,000, the amount of such expenses in excess of \$110,000 will be deducted from the aggregate initial dividend payment and, if necessary, subsequent dividend payments due to holders of Preferred Stock, resulting in a pro rata reduction of the dividend payment due to each holder of Preferred Stock. See "Rights and Preferences of MidSouth Preferred Stock - Dividend Rights."

#### Status Under Federal Securities Laws; Certain Restrictions on Resales

The shares of Preferred Stock to be issued to shareholders of Sugarland pursuant to the Plan have been registered under the Securities Act of 1933 (the "Securities Act") thereby allowing such shares to be freely transferred without restriction by persons who will not be "affiliates" of MidSouth or who were not "affiliates" of Sugarland, as that term is defined in the Securities Act. In general, affiliates of Sugarland include its

executive officers and directors and any person who controls, is controlled by or is under common control with Sugarland. Rule 145, among other things, imposes certain restrictions upon the resale of securities received by affiliates in connection with certain reclassifications, mergers, consolidations or asset transfers. MidSouth Preferred Stock received by affiliates of Sugarland will be subject to the applicable resale limitations of Rule 145.

Such persons will not be able to resell the Preferred Stock received by them pursuant to the Holding Company Merger unless such stock is registered for resale under the Securities Act or an exemption from the registration requirements of the Securities Act is available. All such persons should carefully consider the limitations imposed by Rules 144 and 145 under the Securities Act prior to effecting any resales of Preferred Stock. Sugarland has agreed to use its best efforts to cause each of its directors and executive officers and each person who is a beneficial owner of 5% or more of the outstanding Sugarland Common Stock (each of whom may be deemed to be an "affiliate" under the Securities Act) to enter into an agreement not to sell shares of MidSouth Preferred Stock received by him in violation of the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder.

#### Accounting Treatment

It is anticipated that the Mergers will be accounted for as a "purchase," as that term is used pursuant to generally accepted accounting principles for accounting and financial reporting purposes. Under the purchase method of accounting, the assets and liabilities of Sugarland as of the Effective Date will be recorded at their estimated respective fair values and added to those of MidSouth. Financial statements of MidSouth issued after the Effective Date will reflect such values and will not be restated retroactively to reflect the historical financial position or results of operations of Sugarland.

#### CERTAIN FEDERAL INCOME TAX CONSEQUENCES

Deloitte & Touche has rendered the following opinion on the material federal income tax consequences of the mergers.

Based on certain facts presented to Deloitte & Touche by the Companies and in the Plan, the Joint Proxy Statement and Prospectus contained in the Registration Statement filed with the Securities and Exchange Commission on April 7, 1995, the representations of facts as set forth in MidSouth's and Sugarland's letters of representations dated May 30, 1995, it is our opinion that the federal income tax consequences of the proposed merger of Sugarland with and into MidSouth, with MidSouth surviving, and the proposed merger of the Bank with and into MidSouth Bank, with MidSouth Bank surviving, are as follows:

#### Holding Company Merger

(1) The merger of Sugarland with and into MidSouth, with MidSouth surviving, and with the Sugarland shareholders exchanging their stock for the Preferred Stock, the transaction will qualify as a reorganization under Section 368(a)(1)(A) of the Internal Revenue Code of 1986 (the "Code"). MidSouth and Sugarland will both be "a party to a reorganization" within the meaning of Section 368(b).

(2) No gain or loss will be recognized by Sugarland upon the transfer of its assets to MidSouth in exchange for the Preferred Stock and the assumption by MidSouth of the liabilities of Sugarland, by reason of the application of Sections 361(a) and 357(a) of the Code.

(3) No gain or loss will be recognized by MidSouth on the receipt of Sugarland's assets in exchange for the Preferred Stock and the assumption by MidSouth of Sugarland's liabilities, by reason of the application of Section 1032(a) of the Code.

(4) The basis of the assets of Sugarland in the hands of MidSouth will be the same as the basis of such assets in the hands of Sugarland immediately prior to the reorganization, by reason of the application of Section 362(b) of the Code.

(5) The holding period of the property acquired by MidSouth

from Sugarland will include the holding period of such property in the hands of Sugarland immediately prior to the reorganization, by reason of the application of Section 1223(2) of the Code.

(6) No gain or loss will be recognized by Sugarland shareholders upon the exchange of their Sugarland Common Stock (including fractional share interests that they might otherwise be entitled to receive) solely for the Preferred Stock, by reason of the application of Section 354(a)(1) of the Code.

(7) The basis of the Preferred Stock (including fractional share interests that the Sugarland shareholders might otherwise be entitled to receive) to be received by the Sugarland shareholders will be the same as the basis of the Sugarland Common Stock to be exchanged therefor, by reason of the application of Section 358(a)(1) of the Code.

(8) The holding period of the Preferred Stock (including fractional interests that the Sugarland shareholders might otherwise be entitled to receive) to be received by the Sugarland shareholders will include the holding period of the Sugarland Common Stock to be surrendered in the exchange, provided the Sugarland Common Stock is held as a capital asset on the Effective Date, by reason of the application of Section 1223(1) of the Code.

(9) As provided in Section 381(a)(2) of the Code and Section 1.381(a)-1(a) of the regulations of the Internal Revenue Service under the Code ("Regulations"), MidSouth will succeed to and take into account as of the Effective Date the items of the Bank described in Section 381(c) subject to the conditions and limitations specified in Sections 381(b) and 381(c).

(10) As provided in Section 381(c)(2) of the Code and Section 1.381(c)(2)-1 of the Regulations, MidSouth will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sugarland as of the Effective Date. Any deficit in earnings and profits of either MidSouth or Sugarland can be used only to offset earnings and profits accumulated after the Effective Date.

(11) Cash received by a shareholder otherwise entitled to receive a fractional share of the Preferred Stock in exchange for Sugarland Common Stock will be treated as if the fractional shares were distributed as part of the exchange and then were redeemed by MidSouth. These cash payments will be treated as having been received as distributions in full payment in exchange for the Sugarland Common Stock redeemed, as provided in Section 302(a) of the Code. This receipt of cash will result in gain or loss measured by the difference between the basis of such fractional share interest and the cash received. Such gain or loss will be capital gain or loss to the Sugarland shareholder, provided the Sugarland Common Stock was a capital asset in such shareholder's hands and as such, will be subject to the provisions and limitations of Subchapter P of Chapter 1 of the Code (Rev. Rul. 66-365 and Rev. Proc. 77-41).

(12) Where cash is received by a dissenting Sugarland shareholder, such cash will be treated as received by the Sugarland shareholder as a distribution in redemption of his Sugarland Common Stock, subject to the provisions and limitations of Section 302 of the Code.

(13) Section 305(b)(4) and (c) will not apply to the Preferred Stock.

(14) Based on Section 4 of Rev. Proc. 77-37, the Preferred Stock will not be "Section 306 stock" in the hands of the former shareholders of Sugarland. However, since an advanced ruling was not obtained from the IRS on this issue, each shareholder should consult his own tax advisor.

#### Bank Merger:

(1) The merger of the Bank with and into MidSouth Bank, with MidSouth Bank surviving, will qualify as a reorganization under Section 368 (a)(1)(A) of the Code. MidSouth Bank and the Bank will both be "a party to a reorganization" within the meaning of Section 368(b).

(2) No gain or loss will be recognized by the Bank upon the transfer of its assets to MidSouth Bank in accordance with the Plan and the assumption by MidSouth Bank of the liabilities of the Bank, by reason of the application of Sections 361(a) and 357(a) and (c) of the Code.

(3) No gain or loss will be recognized by MidSouth Bank on the receipt of the Bank's assets in constructive exchange for stock and the assumption by MidSouth Bank of the Bank's liabilities, by reason of the application of Section 1032(a).

(4) The basis of the assets of the Bank in the hands of MidSouth Bank will be the same as the basis of such assets in the hands of the Bank immediately prior to the reorganization, by reason of the application of Section 362(b) of the Code.

(5) The holding period of the property acquired by MidSouth Bank from the Bank will include the holding period of such property in the hands of the Bank immediately prior to the reorganization, by reason of the application of Section 1223(2) of the Code.

(6) No gain or loss will be recognized by MidSouth upon the constructive exchange of MidSouth Bank common stock for the Bank's common stock, by reason of the application of Section 354(a)(1) of the Code.

(7) The basis of the MidSouth Bank common stock held by MidSouth after the Bank Merger will be the same as the basis in the stock immediately before the Bank Merger, plus its basis in the Bank common stock canceled in the Bank Merger by reason of Section 358(a).

(8) The holding period of the MidSouth Bank common stock constructively received by MidSouth in the transaction will include the period in which the Bank stock was held by MidSouth provided the Bank stock was held as a capital asset on the Effective Date by reason of Section 1223(1).

(9) As provided in Section 381(a)(2) of the Code and Section 1.381(a)-1(a) of the Regulations, MidSouth Bank will succeed to and take into account as of the Effective Date the items of the Bank described in Section 381(c), subject to the conditions and limitations specified in Section 381(b) and 381(c).

(10) As provided in Section 381(c)(2) of the Code and Section 1.381(c)(2)-1 of the Regulations, MidSouth Bank, as the deemed survivor, will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of the Bank as of the date or dates of transfer. Any deficit in earnings and profits of either MidSouth Bank or the Bank can be used only to offset earnings and profits accumulated after the Effective date.

As a result of the complexity of the tax laws, and because the tax consequences to any particular shareholder may be affected by matters not discussed herein, it is recommended that each shareholder of Sugarland consult his personal tax advisor concerning the applicable state and local income tax consequences of the Mergers to him.

#### DISSENTERS' RIGHTS

Unless the Plan is approved by the shareholders of Sugarland holding at least 80% of its total voting power, Section 131 of the LBCL allows a shareholder of Sugarland who objects to the Holding Company Merger and who complies with the provisions of that section to dissent from the Holding Company Merger and to have paid to him in cash the fair cash value of his shares of Sugarland Common Stock as of the day before the Special Meeting, as determined in each case by agreement between the shareholder and MidSouth or by the state district court for the Parish of Lafayette if the shareholder and MidSouth are unable to agree upon the fair cash value. MidSouth has the right to terminate the Plan if, at the time of closing, the number of shares of Sugarland Common Stock as to which the holders thereof are legally entitled to assert dissenters' rights exceeds 5% of the total number of outstanding shares of Sugarland Common Stock on the Effective Date.

To exercise the right of dissent, a shareholder must (i) file with Sugarland, a written objection to the Plan prior to or at the Special Meeting and also (ii) vote his shares (in person or by proxy) against the Plan. Neither a vote against the Plan, nor a specification in a proxy to vote against the Plan, will, in and of itself, constitute the necessary written objection to the Plan. Moreover, by voting in favor of, or abstaining from voting on, the Plan, or by returning the enclosed proxy without instructing the proxy holders to vote against the Plan, a shareholder waives his rights under Section 131. The right to dissent may be exercised only by the record owners of the shares and not by persons who hold shares only beneficially. Beneficial owners who wish to dissent from the Holding Company Merger should have the record ownership of the shares transferred to their names or instruct the record owner to follow the Section 131 procedure on their behalf.

If the Plan is approved by less than 80% of the total number of shares of Sugarland Common Stock outstanding, then promptly after the Effective Date written notice of the consummation of the Holding Company Merger will be given by MidSouth by registered mail to each shareholder of Sugarland who filed a written objection to the Plan and voted against it at such shareholder's last address on Sugarland's records. Within 20 days after the mailing of such notice, the shareholder must file with MidSouth a written demand for payment for his shares at their fair cash value as of the day before the Special Meeting and must state the amount demanded and a post office address to which MidSouth may reply. He must also deposit the certificate(s) formerly representing his shares of Sugarland Common Stock in escrow with a bank or trust company located in Lafayette Parish, Louisiana. The certificates must be duly endorsed and transferred to MidSouth upon the sole condition that they be delivered to MidSouth upon payment of the value of the shares in accordance with Section 131. With the above-mentioned demand, the shareholder must also deliver to MidSouth the written acknowledgment of such bank or trust company that it holds the certificate(s), duly endorsed as described above.

Unless the shareholder objects to and votes against the Holding Company Merger, demands payment, endorses and deposits his certificates and delivers the required acknowledgment in accordance with the procedures and within the time periods set forth above, the shareholder will conclusively be presumed to have acquiesced to the Mergers and will forfeit any right to seek payment pursuant to Section 131.

If MidSouth does not agree to the amount demanded by the shareholder, or does not agree that payment is due, it will, within 20 days after receipt of such demand and acknowledgment, notify such shareholder in writing at the designated post office address of either (i) the value it will agree to pay or (ii) its belief that no payment is due. If the shareholder does not agree to accept the offered amount, or disagrees with MidSouth's assertion that no payment is due, he must, within 60 days after receipt of such notice, file suit against MidSouth in the 15th Judicial District Court for the Parish of Lafayette for a judicial determination of the fair cash value of the shares. Any shareholder of Sugarland entitled to file such suit may, within such 60-day period but not thereafter, intervene as a plaintiff in any suit filed against MidSouth by another former shareholder of Sugarland for a judicial determination of the fair cash value of such other shareholder's shares. If a shareholder of Sugarland fails to bring or to intervene in such a suit against MidSouth within the applicable 60-day period, he will be deemed to have consented to accept MidSouth's statement that no payment is due or, if MidSouth does not contend that no payment is due, to accept the amount specified by MidSouth in its notice of disagreement.

If upon the filing of any such suit or intervention, MidSouth deposits with the court the amount, if any, which it specified in its notice of disagreement, and if in that notice MidSouth offered to pay such amount to the shareholder on demand, then the costs (not including legal fees) of the suit or intervention will be taxed against the shareholder if the amount finally awarded to him, exclusive of interest and costs, is equal to or less than the amount so deposited; otherwise, the costs (not including legal fees) will be taxed against MidSouth.

Upon filing a demand for the value of his shares, a shareholder ceases to have any rights of a shareholder except the rights created by Section 131. The shareholder's demand may be withdrawn voluntarily at any time before MidSouth gives its notice of disagreement, but thereafter only with the written con-

sent of MidSouth. If his demand is properly withdrawn, or if the shareholder otherwise loses his dissenters' rights, he will be restored to his rights as a shareholder as of the time of filing of his demand for fair cash value.

Prior to the Effective Date, shareholders of Sugarland who dissent from the Mergers should send any communications regarding their rights to Ronald R. Hebert, Sr., Secretary, Sugarland Bancshares, Inc., 1527 W. Main Street, Jeanerette, Louisiana 70544. On or after the Effective Date, dissenting shareholders of Sugarland should send any communications regarding their rights to Karen L. Hail, MidSouth Bancorp, Inc., 102 Versailles Boulevard, Versailles Centre, Lafayette, Louisiana 70501. All such communications should be signed by or on behalf of the dissenting shareholder in the form in which his shares are registered on the books of Sugarland.

Shareholders of MidSouth are not entitled to vote on the Mergers under the LEBL or MidSouth's Articles and do not have dissenters' rights, although such shareholders must approve the issuance of the Preferred Stock. See "Introductory Statement - Shares Entitled to Vote; Quorum; Vote Required."

#### INFORMATION ABOUT SUGARLAND

##### Description of the Business

Sugarland Bancshares, Inc., a business corporation organized under the laws of Louisiana and a registered bank holding company under the Bank Holding Company Act of 1956, was incorporated in 1981 to acquire the outstanding stock of the Bank. Sugarland owns all of the outstanding stock of the Bank and has no other subsidiaries. At March 31, 1995, Sugarland had total consolidated assets of approximately \$17.8 million and shareholders' equity of approximately \$2.2 million. Sugarland's principal executive office is located at 1527 West Main Street, Jeanerette, Louisiana, and its telephone number is (318) 276-6307.

Sugarland State Bank, a Louisiana state bank organized in 1967, provides full-service consumer and commercial banking services in Jeanerette, Louisiana and surrounding areas of Iberia Parish, Louisiana, through its main banking office at 1527 West Main Street, Jeanerette, Louisiana, and a full service branch located in New Iberia, Louisiana. Deposits of the Bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable legal limits. The Bank offers an array of deposit services, including demand accounts, NOW accounts, certificates of deposit, and money market accounts, and provides safe deposit boxes, night depository, individual retirement accounts, and drive-in banking services. The Bank's lending activities consist principally of real estate, consumer, and commercial loans. At March 31, 1995, the Bank had total deposits of approximately \$15.5 million and total assets of approximately \$17.8 million.

The Bank's deposits represent a cross-section of the area's economy and there is no material concentration of deposits from any single customer or group of customers. Sugarland's loan portfolio contains a concentration of loans to the Iberia Parish farming industry. At March 31, 1995, Sugarland had approximately \$2.5 million of loans outstanding to borrowers in the local farming industry, which represented approximately 108% of the Bank's Tier 1 Capital and 31% of the Bank's total outstanding loans on such date.

##### Competition

The Bank's general market area consists of Iberia Parish, which has an approximate population of 70,000 and in which there are numerous banks and other financial institutions.

Competition among banks for loan customers is generally governed by such factors as loan terms, including interest charges, restrictions on borrowers and compensating balances, and other services offered by such banks. The Bank competes with numerous other commercial banks, savings and loan associations and credit unions for customer deposits, as well as with a broad range of financial institutions in consumer and commercial lending activities. In addition to thrift institutions, other businesses in the financial services industry compete with the Bank for retail and commercial deposit funds and for retail and commercial loan business. Competition for loans and deposits is intense among the financial institutions in the area.

At present, Sugarland is experiencing competitive pressure



on interest rates from other businesses in the financial services industry, including larger institutions whose size permits them to operate on a narrower profit margin than would be appropriate for Sugarland. Management expects such competitive pressure will continue in the Bank's market area. See "Sugarland Management's Discussion and Analysis of Financial Condition and Results of Operations."

#### Property

The executive office of Sugarland and the Bank, located at 1527 W. Main Street, Jeanerette, Louisiana, is owned by the Bank. The Bank also owns the building and land where its New Iberia branch is located. None of the properties owned by the Bank is subject to a mortgage.

#### Employees

Sugarland and the Bank have, in the aggregate, approximately 15 full-time employees and one part-time employee and considers its relationship with its employees to be good. None of Sugarland's or the Bank's employees are subject to a collective bargaining agreement.

#### Market Prices and Dividends

**Market Prices.** Sugarland Common Stock is not traded on any exchange or in any other established public trading market. There are no bid or asked prices available for Sugarland Common Stock.

At June 7, 1995, there were 307 shareholders of record of Sugarland.

**Cash Dividends.** Sugarland declared cash dividends on Sugarland Common Stock of \$.20 per share during the fiscal year ended December 31, 1993 and did not declare a dividend during the fiscal year ended December 31, 1994 or the three months ended March 31, 1995. Sugarland has agreed in the Plan that it will not make, declare, set aside or pay any dividend prior to the Effective Date of the Mergers without the written consent of MidSouth.

Substantially all of the funds available to Sugarland to pay dividends to its shareholders are derived from dividends paid to it by the Bank. The Bank's payment of dividends is subject to certain legal restrictions applicable to all Louisiana state banks. The prior approval of the Louisiana Commissioner of Financial Institutions (the "Commissioner") is required if the total of all dividends declared in any one year will exceed the sum of the Bank's net profits of that year and net profits of the immediately preceding year. Additionally, dividends may not be declared or paid by a Louisiana state bank unless the bank has unimpaired surplus equal to 50% of the outstanding capital stock of the bank, and no dividend payment may reduce the bank's unimpaired surplus below 50%. At March 31, 1995, the Bank had approximately \$211,000 available for the payment of dividends without prior approval of the Commissioner.

#### Legal Proceedings

Sugarland and the Bank normally are parties to and have pending routine litigation arising from their regular business activities of furnishing financial services, including providing credit and collecting secured and unsecured indebtedness. In some instances, such litigation involves claims or counterclaims against Sugarland and the Bank, or either of them. As of the date of this Joint Proxy Statement and Prospectus, neither Sugarland nor the Bank had any litigation pending.

#### Security Ownership of Principal Shareholders and Management

**Ownership of Principal Shareholders.** Except for Sugarland Common Stock, Sugarland has no other class of voting securities issued or outstanding. The following table provides information concerning all persons known to Sugarland to be beneficial owners, directly or indirectly, of more than 5% of the outstanding shares of Sugarland Common Stock, as of the Record Date. Unless otherwise noted, the named persons own the shares directly and have sole voting and investment power with respect to the shares indicated, subject to applicable community property laws.

<TABLE>  
<CAPTION>



Name and Address of Beneficial Owner	Number of Shares Owned Beneficially	Percentage of Class
<S> J. Bryan Allain 1519 Church Street Jeanerette, LA 70544	9,516 <FN1>	5.08%
Ronald R. Hebert, Sr. 3009 D'Albor Street Jeanerette, LA 70544	17,252	9.21%
Adolphe A. Larroque P.O. Box 111 Jeanerette, LA 70544	10,000	5.34%
Pierre L. Larroque 200 N. Druilhet Street Jeanerette, LA 70544	11,864 <FN2>	6.33%
Herman J. Louviere 2210 Hubertville Rd. Jeanerette, LA 70544	12,024 <FN3>	6.42%
Lawrence L. Lewis, III and Reverend H. Alexander Larroque, Trustees for The Larroque Family Trust 102 Versailles Blvd., Suite 600 Lafayette, LA 70502	20,000	10.74%

</TABLE>

<FN1> Includes 1,000 shares held of record by Mr. Allain and 8,516 shares held of record by Insurance Trust Number Two of Mr. Allain and Suzanne Pole Allain, Mr. Allain's wife.

<FN2> Includes 2,000 shares held of record by Mr. Larroque, 4,000 shares held of record in two equal lots by Aqua-Kleen, Inc. and Dyna-Tec, Inc., corporations of which Mr. Larroque is a majority shareholder, President and director, and 5,864 shares held of record by Superior Fabricators, Inc., a corporation of which Mr. Larroque is a majority shareholder, President and director.

<FN3> Includes 5,212 shares held of record by Mr. Louviere and 5,212 shares held of record by Mr. Louviere, as usufructuary with respect to shares the naked ownership of which is held by Ronald, Eldridge and Farrell Louviere and Carolyn L. Clement. Also includes 1,600 shares held of record by Herman J. Louviere & Sons, Inc., a corporation of which Mr. Louviere is a principal shareholder, officer and director.

Ownership of Directors and Executive Officers of Sugarland. The following table provides information concerning the shares of Sugarland Common Stock beneficially owned, directly or indirectly, by each director and executive officer of Sugarland, and all directors and executive officers as a group, as of the Record Date. Unless otherwise noted, the named persons have sole voting and investment power with respect to the shares indicated, subject to applicable community property laws.

<TABLE>  
<CAPTION>

Name of Beneficial Owner	Number of Shares Owned Beneficially	Percentage of Class
<S> J. Bryan Allain	9,516<FN1>	5.08%
Alton G. Barbin	4,500	2.40%
Ronald R. Hebert, Sr.	17,252	9.21%
Pierre L. Larroque	11,864<FN2>	6.33%

Herman J. Louviere	12,024<FN3>	6.42%
J.B. Pecot, M.D.	4,000	2.14%
D.J. Tranchina	800	*
All Directors and Executive Officers as a Group (7 persons)	59,956	32.01%

</TABLE>

\* Less than one percent of class

<FN1> Includes 1,000 shares held of record by Mr. Allain and 8,516 shares held of record by Insurance Trust Number Two of Mr. Allain and Suzanne Pole Allain, Mr. Allain's wife.

<FN2> Includes 2,000 shares held of record by Mr. Larroque, 4,000 shares held of record in two equal lots by Aqua-Kleen, Inc. and Dyna-Tec, Inc., corporations of which Mr. Larroque is a majority shareholder, President and director, and 5,864 shares held of record by Superior Fabricators, Inc., a corporation of which Mr. Larroque is a majority shareholder, President and director.

<FN3> Includes 5,212 shares held of record by Mr. Louviere and 5,212 shares held of record by Mr. Louviere, as usufructuary with respect to shares the naked ownership of which is held by Ronald, Eldridge and Farrell Louviere and Carolyn L. Clement. Also includes 1,600 shares held of record by Herman J. Louviere & Sons, Inc., a corporation of which Mr. Louviere is a principal shareholder, officer and director.

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SUGARLAND MANAGEMENT'S DISCUSSION  
AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

Overview

Sugarland reported net income of \$48,000 for the three months ended March 31, 1995, which represents a 41.2% increase from net income of \$34,000 for the comparable period in 1994. Net income per share was \$0.26 for the first three months of 1995 and \$0.18 for the same period in 1994. Sugarland's net income was \$162,000 for 1994, which represents a 13.83% decrease from the net income of \$188,000 for 1993. Net income per share was \$0.87 for 1994 and \$1.01 for 1993.

The increase in net income during the three months ended March 31, 1995 over the same period last year was principally attributable to a slight increase in interest income and decreased operating expenses. The primary reason for the decline in net income during 1994 over 1993 was an increase in income tax expense. Income tax expense for 1994 was \$56,000, compared to \$24,000 for 1993. The 133% increase in income tax expense for 1994 resulted from the use in 1993 of a net operating loss carryover, which resulted in a tax benefit of \$44,000 in 1993. Pre-tax income in 1994 was \$218,000, an increase of \$6,000 over 1993 pre-tax income of \$212,000. The slight increase in pre-tax income during 1994 was principally attributable to decreases in expenses.

Improving loan quality resulted in no provision for loan losses during the three months ended March 31, 1995 and the years ended December 31, 1994 or 1993. Net interest income for the three months ended March 31, 1995 was \$213,000, which represents a 3.9% increase over the \$205,000 reported for the same period last year. The increase is principally attributable to increases in the interest rate on Federal funds sold. Net interest income for 1994 decreased \$7,000 to \$853,000, which represents a .81% decrease over 1993. The primary reason for the decrease was a slight overall average interest rate reduction in the loan portfolio.

At March 31, 1995, Sugarland had total assets and deposits of \$17,814,000 and \$15,536,000, respectively, reflecting increases of 1.95% and 1.4%, respectively, from amounts reported at December 31, 1994. Loans, net of the reserve for possible loan losses, were \$7,842,000 at March 31, 1995, a decrease of

4.7% from December 31, 1994. The decreases in the amount of Sugarland's outstanding loans and increases in assets and deposits between March 31, 1995 and year-end 1994 reflect seasonal changes related to Sugarland's agricultural lending. Sugarland's agricultural loan demand generally declines during the first three months of each year. Funds available to Sugarland as a result of decreases in outstanding loans at March 31, 1995 were placed predominantly into Federal funds sold, thereby increasing Sugarland's assets at the end of the quarter.

At December 31, 1994, Sugarland had total assets and deposits of \$17,473,000 and \$15,320,000, respectively, which represented decreases of 4.15% and 4.68%, respectively, from amounts reported at December 31, 1993. Loans, net of the reserve for possible loan losses, were \$8,226,000 at December 31, 1994, an increase of 2.21% from the amount reported at the end of 1993. The decrease in assets as of December 31, 1994 when compared to December 31, 1993 is principally due to a decrease in interest-bearing deposits, resulting in a decrease in funds available for investment and federal funds sold, partially offset by an increase in loan demand. Management attributes the decrease to increased competition from other businesses in the financial services industry, including larger institutions whose size permits them to pay higher interest rates and operate on a narrower profit margin than would be appropriate for Sugarland. Management expects such competitive pressures will continue in its market area, which may result in further decreases in interest-bearing deposits. See "Information about Sugarland - Competition."

The following table sets forth certain information regarding Sugarland's results of operations for the periods indicated. Return on average assets and return on average equity for the three months ended March 31, 1995 and 1994 are presented on an annualized basis.

<TABLE>  
<CAPTION>

	Three Months Ended March 31,		Years Ended December 31,	
	1995	1994	1994	1993
	(Dollars in thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Net income	\$ 48	\$ 34	\$ 162	\$ 188
Net income per share*	\$ 0.26	\$ 0.18	\$ 0.87	\$ 1.01
Return on average assets	1.12%	0.75%	0.94%	1.04%
Return on average equity	9.25%	6.30%	7.64%	9.14%
Average equity to average assets	12.08%	11.85%	12.33%	11.40%
Dividend pay-out ratio	--	--	--	19.80%

</TABLE>

\* Per share data are based upon a weighted average number of shares outstanding of 187,286.

A more detailed review of Sugarland's financial condition and results of operations for the years ended December 31, 1994 and 1993 and the three months ended March 31, 1995 and 1994 follows. This discussion and analysis should be read in conjunction with Sugarland's financial statements and the notes thereto appearing elsewhere in this Joint Proxy Statement and Prospectus.

#### Results of Operations

##### Net Interest Income.

The principal component of Sugarland's net earnings is net interest income, which is the difference between interest and fees earned on interest-earning assets and interest paid on deposits and borrowed funds. Net interest income, when expressed as a percentage of total average interest-earning assets, is referred to as net interest margin. Net interest income for the three months ended March 31, 1995 increased to \$213,000 from \$205,000 recorded for the comparable period in 1994, an increase of 3.9%. 1994 net interest income of \$853,000 represents a

decrease of \$7,000, or .81%, from net interest income of \$860,000 reported for 1993. The increase in net income during the three months ended March 31, 1995 over the same period last year was principally attributable to a slight increase in interest income and decreased operating expenses. The slight decline in 1994 was primarily the result of decreases in overall average interest rates.

Average interest-earning assets were \$14,732,000 for the three months ended March 31, 1995, \$14,715,000 for 1994 and \$15,625,000 for 1993. Average loans, the Company's highest yielding assets, rose 1.15% from 1993 to 1994 and decreased 5.09% from 1994 to March 31, 1995. Net interest margin decreased two basis points to 5.78% for the three months ended March 31, 1995 from 5.80% for the year ended December 31, 1994. 1994 net interest margin represented a 30 basis point increase from 5.50% recorded for 1993.

Sugarland's net interest income is affected by the change in the amount and mix of interest-earning assets and interest-bearing liabilities, and by changes in yields earned on assets and rates paid on deposits and other borrowed funds. The following table sets forth certain information concerning average interest-earning assets and interest-bearing liabilities and the yields and rates thereon for the periods presented. Average balances are computed using daily average balances.

<TABLE>  
<CAPTION>

	Three Months Ended March 31, 1995			Year Ended December 31, 1994			Year Ended December 31, 1993		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Income/ Expense	Average Yield/ Rate
	(Dollars in thousands)								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-Earning Assets:									
Loans	\$ 7,744	\$ 201	10.38%	\$ 8,159	\$ 868	10.64%	\$ 8,066	\$ 885	10.97%
Investment securities	3,943	60	6.09%	4,240	263	6.20%	4,575	295	6.45%
Federal funds sold	3,045	44	5.78%	2,316	88	3.80%	2,984	88	2.95%
Total interest-earning assets	\$ 14,732	\$ 305	8.28%	\$ 14,715	\$ 1,219	8.28%	\$ 15,625	\$ 1,268	8.12%
Interest-Bearing Liabilities:									
Deposits:									
Money market demand	\$ 2,284	\$ 16	2.80%	\$ 2,565	\$ 71	2.77%	\$ 2,439	\$ 70	2.87%
Savings and other interest-bearing demand	3,183	21	2.64%	2,911	78	2.68%	2,931	85	2.90%
Time deposits	\$ 5,408	55	4.14%	5,838	217	3.72%	6,611	253	3.83%
Total interest-bearing liabilities	\$ 10,875	\$ 92	3.42%	\$ 11,314	\$ 366	3.23%	\$ 11,981	\$ 408	3.41%
Net interest income		\$ 213			\$ 853			\$ 860	
Net interest									

</TABLE>

The following table sets forth changes in interest income and interest expense for each major category of interest-earning assets and interest-bearing liabilities and the amount of change attributable to volume change and rate change for the periods indicated.

<TABLE>  
<CAPTION>

	1994 OVER 1993				1993 OVER 1992			
	Total Increase (Decrease)	Change in Volume	Change in Rate	Change in Rate/Vol	Total Increase (Decrease)	Change in Volume	Change in Rate	Change in Rate/Vol
	(Dollars in thousands)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Earning Assets:								
Loans	\$ (17)	\$ 10	\$ 27	\$ --	\$ (43)	\$ 12	\$ (53)	\$ (2)
Investment securities	(32)	(22)	(10)	--	31	77	(35)	(11)
Federal funds sold	--	(19)	25	(6)	(15)	(1)	(14)	--
Total	\$ (49)	\$ (31)	\$ (12)	\$ (6)	\$ (27)	\$ 88	\$ (102)	\$ (13)
Interest-Bearing Liabilities:								
Interest bearing deposits	\$ (42)	\$ (23)	\$ (22)	\$ 3	\$ (94)	\$ 17	\$ (109)	\$ (2)
Total	\$ (42)	\$ (23)	\$ (22)	\$ 3	\$ (94)	\$ 17	\$ (109)	\$ (2)
Net interest income before allocation of rate/volume	\$ (7)	\$ (8)	\$ 10	\$ (9)	\$ 67	\$ 71	\$ 7	\$ (11)
Allocation of rate/volume	--	(17)	8	9	--	(10)	(1)	11
Changes in net interest income	\$ (7)	\$ (25)	\$ 18	\$ --	\$ 67	\$ 61	\$ 6	\$ --

</TABLE>

Provision for Loan Losses.

The provision for loan losses is the periodic charge to earnings for potential losses in the loan portfolio. The amounts provided for loan losses are determined by management after evaluations of the loan portfolio. This evaluation process requires that management apply various judgments, assumptions and estimates concerning the impact certain factors may have on amounts provided. Factors considered by management in its evaluation process include known and inherent losses in the loan portfolio, the current economic environment, the composition of and risk in the loan portfolio, prior loss experience and underlying collateral values. While management considers the amounts provided through March 31, 1995 to be adequate, subsequent changes in these factors and related assumptions may warrant significant adjustments in amounts provided, based on conditions prevailing at the time. In addition, various regulatory agencies, as an integral part of the examination process, review Sugarland's allowance for loan losses. Such agencies may require Sugarland to make additions to the allowance based on their judgments of information available to them at the time of their examinations.

No provision for loan losses was made for the three months ended March 31, 1995 or the years ended December 31, 1994 and 1993.

Non-interest Income.

Non-interest income was \$45,000 for the three months ended March 31, 1995, compared to \$47,000 for the same period of 1994.

Non-interest income was \$180,000 for the year ended December 31, 1994, compared to \$199,000 for 1993. The slight decline in non-interest income from the three months ended March 31, 1994 to 1995 resulted from decreased commissions from the sale of credit life insurance. The decrease in non-interest income from 1993 to 1994 was due principally to a decrease in income from sales of other real estate owned.

Non-interest Expense.

Non-interest expense for the three months ended March 31, 1995 was \$196,000, a decrease of approximately \$6,000, or 2.97%, from the comparable period of 1994. Non-interest expense for the year ended December 31, 1994 and December 31, 1993 was \$815,000 and \$846,000, respectively, a 3.66% decrease. The decrease in non-interest expense during these periods was attributable principally to decreased general and administrative expenses, salaries and occupancy expenses.

Income Taxes.

Sugarland's provision for income taxes was \$13,350 for the three months ended March 31, 1995, compared to \$15,200 for the same period last year. Such provision was \$56,000 for the year ended December 31, 1994, compared to \$24,000 for 1993. The moderate decrease in Sugarland's provision for income taxes during the three months ended March 31, 1995, compared to the same period last year, was due to Sugarland's charge-off of loans during the first quarter of 1995, partially offset by Sugarland's increased interest income during the period. The 133% increase in income tax expense for 1994 resulted from the use in 1993 of a net operating loss carryover, which resulted in a tax benefit of \$44,000 in 1993.

Sugarland adopted a new standard for accounting for income taxes effective January 1, 1993. Under Statement of Financial Accounting Standards No. 109 ("SFAS 109"), deferred income taxes are provided for by the liability method. The adoption of SFAS 109 did not have a material effect on Sugarland's results of operations or financial condition.

Financial Condition

The following table sets forth Sugarland's average assets, liabilities and shareholders' equity and the percentage distribution of these items for the periods indicated.

<TABLE>  
<CAPTION>

	Years Ended December 31,					
	Three Months Ended March 31, 1995		1994		1993	
	Average Balance	Percent	Average Balance	Percent	Average Balance	Percent
	(Dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<b>Assets:</b>						
Cash and due from banks	\$ 1,670	9.72%	\$ 1,685	9.80%	\$ 1,552	8.60%
Investment securities	3,943	22.95%	4,240	24.67%	4,575	25.36%
Federal funds sold	3,045	17.72%	2,316	13.47%	2,984	16.54%
Loans (net of allowance for credit losses)	7,744	45.08%	8,159		8,066	44.73%
Other assets	779	4.53%	788	4.58%	860	4.77%
Total assets	\$ 17,181	100.00%	\$ 17,188	100.00%	\$ 18,037	100.00%
<b>Liabilities and Shareholders' Equity:</b>						
Demand deposits	\$ 4,182	24.34%	\$ 3,691	21.47%	\$ 3,919	21.73%
Interest-bearing deposits	10,875	63.29%	11,314	65.83%	11,981	66.42%
Other liabilities	49	.29%	63	.37%	81	.45%
Total liabilities	15,106	87.92%	15,068	87.67%	15,981	88.60%
Shareholders' equity	2,075	12.08%	2,120	12.33%	2,056	11.40%
Total liabilities and shareholders' equity	\$ 17,181	100.00%	\$ 17,188	100.00%	\$ 18,037	100.00%

Total Assets.

</TABLE>

At March 31, 1995, total assets were approximately \$17,814,000, compared to \$17,473,000 at December 31, 1994 and \$18,230,000 at December 31, 1993. Total average assets for the three months ended March 31, 1995 were \$17,181,000, a slight decrease of 4.71% from the \$18,037,000 average for 1993. The decrease in assets as of December 31, 1994 when compared to December 31, 1993 is principally due to a decrease in interest-bearing deposits, resulting in a decrease in funds available for investment and federal funds sold, partially offset by an increase in loan demand. Management attributes the decrease to increased competition from other businesses in the financial services industry, including larger institutions whose size permits them to pay higher interest rates and operate on a narrower profit margin than would be appropriate for Sugarland. Management expects such competitive pressures will continue in its market area, which may result in further decreases in interest-bearing deposits. See "Information about Sugarland - Competition."

Investment Securities.

At March 31, 1995, Sugarland's investment securities portfolio aggregated \$4,198,000, a decrease of \$54,000 from the \$4,252,000 reported at December 31, 1994, which reflects an increase of \$332,000 from the \$3,920,000 reported at December 31, 1993.

The following table sets forth the composition of Sugarland's investment portfolio at the end of each period presented.

<TABLE>  
<CAPTION>

	March 31,		1994		December 31,		1993	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Book Value	Market Value		
	(Dollars in thousands)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. government agencies	\$ 1,900	\$ 1,819	\$ 1,901	\$ 1,787	\$ 1,407	\$ 1,416		
Government guaranteed mortgage backed securities	1,613	1,579	1,647	1,555	1,978	2,029		
Government guaranteed & private issue CMO's & REMIC's	385	365	404	371	289	291		
Mutual funds	200	134	200	132	146	146		
Other equity securities	100	100	100	100	100	100		
Total	\$ 4,198	\$ 3,997	\$ 4,252	\$ 3,945	\$ 3,920	\$ 3,982		

</TABLE>

Effective January 1, 1994, Sugarland adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"), which requires the classification of securities into one of three categories: Trading, Available-for-sale, or Held-to-maturity. Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates this classification periodically. Trading account securities are held for resale in anticipation of short-term market movements. Sugarland has not engaged in trading activities related to any of its investment securities and has no securities classified as Trading. Debt securities are classified as held-to-maturity when Sugarland has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost. Securities not classified as trading or held-to-maturity are classified as available-for-sale. All of the securities in Sugarland's portfolio at March 31, 1995 and December 31, 1994 were classified as available-for sale. Available-for-sale securities are stated at fair value, with unrealized gains and losses, net of tax, reported in a separate component of shareholders' equity. Sugarland may sell these securities in response to liquidity demands. Available-

for-sale securities also may be used as a means of adjusting the interest rate sensitivity of Sugarland's balance sheet through sale and reinvestment.

The following table presents selected contractual maturity data for the investment securities in Sugarland's portfolio at March 31, 1995. Dollar values are based upon the amortized cost of such securities at March 31, 1995.

<TABLE>  
<CAPTION>

	One Year or Less		After One Year Through Five Years		After Five Years Through 10 Years		After 10 Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
(Dollars in thousands)								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. government agencies	\$ --		\$ 1,900	4.86%	\$ --		\$ --	
Government guaranteed mortgage backed securities	--		559	6.30%	--		1,054	7.52%
Government guaranteed & private issue CMO's & REMIC's	--		--		--		385	5.58%
Total	\$ --		\$ 2,459		\$ --		\$ 1,439	

</TABLE>

The following table presents selected contractual maturity data for the investment securities in Sugarland's portfolio at December 31, 1994. Dollar values are based upon the amortized cost of such securities at December 31, 1994.

<TABLE>  
<CAPTION>

	One Year or Less		After One Year Through Five Years		After Five Years Through 10 Years		After 10 Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
(Dollars in thousands)								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. government agencies	\$ --		\$ 1,900	5.15%	\$ --		\$ --	
Government guaranteed mortgage backed securities	--		92	8.00%	476	6.00%	1,080	7.52%
Government guaranteed & private issue CMO's & REMIC's	--		--		--		404	5.58%
Total	\$ --		\$ 1,992		\$ 476		\$ 1,484	

</TABLE>

See Note 2 to Sugarland's Financial Statements appearing elsewhere in this Joint Proxy Statement and Prospectus for information concerning the amortized cost and estimated fair values of Sugarland's investment securities at December 31, 1994 and 1993.

Loans.

Sugarland engages in real estate lending through real estate construction and mortgage loans, and commercial and consumer lending. The lending activities of Sugarland are guided by the basic lending policy established by its Board of Directors. Each loan is evaluated based on, among other things, character and leverage capacity of the borrower, capital and investment in a particular property, if applicable, cash flow, collateral, market conditions for the borrower's business or project and



prevailing economic trends and conditions.

The following table sets forth the type and amount of loans outstanding as of the dates indicated:

<TABLE>  
<CAPTION>

	March 31, 1995	1994	December 31, 1993
	(Dollars in thousands)		
<S>	<C>	<C>	<C>
Commercial/Industrial/Agricultural	\$ 3,940	\$ 4,274	\$ 4,127
Commercial Real Estate	912	852	1,056
Residential Real Estate	1,381	1,423	1,432
Consumer/Installment	1,811	1,907	1,676
Other	5	4	4
Total loans	\$ 8,049 =====	\$ 8,460 =====	\$ 8,295 =====

</TABLE>

In addition to the matters set forth in the table above, as of March 31, 1995, Sugarland's loan portfolio contained a concentration of loans to borrowers engaged in the Iberia Parish agriculture industry. A concentration is defined as amounts loaned to a multiple number of borrowers engaged in similar activities, which would cause them to be similarly impacted by economic or other conditions, where the amount exceeds 10% of total outstanding loans. At March 31, 1995, Sugarland had approximately \$2.5 million of loans outstanding to borrowers in the local farming industry, which represented approximately 31% of Sugarland's total outstanding loans.

At March 31, 1995, loans, net of unearned discount and the allowance for possible loan losses, were \$7,842,000, as compared to \$8,226,000 and \$8,048,000 at December 31, 1994 and 1993, respectively. Average loans increased from \$8,066,000 to \$8,159,000, respectively, for 1993 and 1994, but decreased to \$7,744,000 for the three months ended March 31, 1995. The 1994 increases in the amount of outstanding loans are attributable principally to increased loan demand in the market served by Sugarland as the local economy strengthened. The decreases in average and total loans during the first quarter of 1995 reflect seasonal changes in the level of Sugarland's agricultural lending. Sugarland's average loan to deposit ratio was 51.4% for the first three months of 1995, compared to 54.4% for 1994 and 50.7% for 1993. The 1995 first quarter decrease is due principally to the decreased loan demand, partially offset by increased deposits at March 31, 1995 over year-end 1994, and the 1994 increase over 1993 is primarily the product of increased loan demand and decreased deposit base.

At March 31, 1995, residential real estate, commercial real estate and commercial/industrial/agricultural loans comprised approximately 17%, 11% and 49%, respectively, of total outstanding loans. This compares to 17%, 10% and 51% categorized as residential real estate, commercial real estate and commercial/industrial/agricultural loans, respectively, at December 31, 1994 and 17%, 13% and 50% categorized as residential real estate, commercial real estate and commercial/industrial/agricultural loans, respectively, at December 31, 1993.

The following table provides information concerning loan portfolio maturity as of December 31, 1994. Loan portfolio maturity by type of loan as presented in the table above is not readily available.

(Dollars in thousands)

One year or less	
Floating interest rate	\$ 593
Fixed interest rate	2,762
After one year through five years:	
Floating interest rate	1,574
Fixed interest rate	1,494
After five years:	
Floating interest rate	1,199

Total	\$ 8,460
	=====

## Nonaccrual, Past Due and Modified Loans.

The performance of Sugarland's loan portfolio is evaluated regularly by Senior Management and the Board of Directors. Interest on loans is accrued daily as earned. A loan is generally placed on nonaccrual status when principal or interest is past due 90 days or more, except when management determines the loan remains likely to be fully collectible. Upon being placed on nonaccrual status, the accrual of income from a loan is discontinued and previously accrued but unpaid interest is reversed against income. Each loan that is 90 days or more past due is evaluated to determine its collectibility and the adequacy of its collateral.

The following table sets forth the amount of Sugarland's nonperforming loans (nonaccrual loans and loans past due 90 days or more and still accruing interest) and loans with modified terms as of the dates indicated:

<TABLE>  
<CAPTION>

	March 31,	December 31,	
	1995	1994	1993
	(Dollars in thousands)		
<S>	<C>	<C>	<C>
Nonaccrual loans	\$ --	\$26	\$72
Loans past due 90 days or more and still accruing interest	72	16	62
Renegotiated debt, still accruing interest	--	--	--

</TABLE>

As a percent of total loans, loans past due 90 days or more and not on nonaccrual status were .89% of total loans at March 31, 1995, compared to .19% at December 31, 1994 and .75% at December 31, 1993. There were no nonaccrual loans at March 31, 1995. Nonaccrual loans were .31% of total loans at December 31, 1994, and .87% at year-end 1993. There were no loans with modified terms at March 31, 1995 or year-end 1994 or 1993.

As of March 31, 1995, Sugarland was not aware of any other loans where known information about possible credit problems of the borrower caused management to have serious doubts as to the ability of such borrowers to comply with the loan repayment terms. Sugarland's primary regulators and external auditors review the loan portfolio as part of their regular examinations and their assessment of specific credits, based on information available to them at the time of their examination, may affect the level of Sugarland's non-performing loans. Additionally, the loan portfolio is regularly monitored by Senior Management and the Board. Accordingly, there can be no assurance that other loans will not be placed on nonaccrual, become 90 days or more past due, or have terms modified in the future.

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan" ("SFAS 114"). This standard requires the measurement of certain impaired loans based on the present value of expected future cash flows discounted at the loan's effective interest rate. Adoption of this new standard is required for fiscal years beginning after December 15, 1994. Sugarland adopted this statement beginning January 1, 1995. The effect of adopting SFAS 114 on Sugarland's financial statements is not expected to be material.

## Allowance for Loan Losses.

A certain degree of risk is inherent in the extension of credit. Management has credit policies in place to monitor and attempt to control the level of loan losses and nonperforming loans. One product of Sugarland's credit risk management is the maintenance of the allowance for loan losses at a level considered by management to be adequate to absorb estimated known and inherent losses in the existing portfolio, including

commitments and standby letters of credit. The allowance for loan losses is established through charges to operations in the form of provisions for loan losses.

The allowance is based upon a regular review of current economic conditions, which might affect a borrower's ability to pay, underlying collateral values, risk in and the composition of the loan portfolio, prior loss experience and industry averages. In addition, Sugarland's primary regulators, as an integral part of their examination process, periodically review Sugarland's allowance for loan losses and may recommend additions to the allowance based on their assessment of information available to them at the time of their examination. Loans that are deemed to be uncollectible are charged-off and deducted from the allowance. The provision for loan losses and recoveries on loans previously charged-off are added to the allowance.

The following table sets forth Sugarland's loan loss experience and certain information relating to its allowance for loan losses as of the dates and for the periods indicated.

<TABLE>  
<CAPTION>

	Three Months Ended		
	March 31,	Years Ended December 31,	
	1995	1994	1993
	(Dollars in thousands)		
<S>	<C>	<C>	<C>
Average net loans outstanding	\$ 7,744	\$8,159	\$8,066
Balance of allowance for credit losses at beginning of period	134	145	135
Charge offs:			
Commercial loans	(15)	(15)	--
Consumer loans	(4)	(1)	(6)
Recoveries	--	5	16
Net recoveries (charge-offs)	(19)	(11)	10
Provisions charged to expense	--	--	--
Balance of allowance for credit losses at end of period	\$ 115	\$134	\$145
Ratio of net charge-offs to average loans outstanding	0.25%	0.13%	(0.12%)

</TABLE>

The allowance for loan losses was \$115,000 or 1.49% of average loans, \$134,000 or 1.64% of average loans, and \$145,000 or 1.80% of average loans at March 31, 1995, December 31, 1994 and December 31, 1993, respectively. Net charged-off loans during this period were \$19,000 for the three months ended March 31, 1995 as compared to \$11,000 for the year ended December 31, 1994 and (\$10,000) in 1993. The allowance for loan losses should not be interpreted as an indication of future charge-off trends.

Management believes that the allowance for loan losses at March 31, 1995 was adequate to absorb the known and inherent risks in the loan portfolio at that time. However, no assurance can be given that future changes in economic conditions that might adversely affect Sugarland's principal market area, borrowers or collateral values, and other circumstances will not result in increased losses in Sugarland's loan portfolio in the future.

The following table sets forth the approximate dollar amount of the allowance for loan losses allocable to the stated loan categories, and the percent of total loans in each such category for the periods presented.

<TABLE>  
<CAPTION>

	Three Months Ended		Years Ended December 31,			
	March 31,		1994		1993	
	1995		1994		1993	
	Allow.	Loan	Allow.	Loan	Allow.	Loan

<S>	<C>	(Dollars in thousands)				<C>	<C>
		<C>	<C>	<C>	<C>		
Commercial/Industrial/Agricultural	\$ 90	48.95%	\$ 94	50.53%	\$ 110	49.75%	
Real Estate	--	28.49%	15	26.89%	10	30.00%	
Consumer/Installment/Other	25	22.56%	25	22.58%	25	20.25%	
	\$ 115	100.00%	\$ 134	100.00%	\$ 145	100.00%	

</TABLE>

The allocation of the allowance for loan losses should not be interpreted as an indication of future credit trends or that losses will occur in these amounts or proportions. Furthermore, the portion allocated to each loan category is not the total amount available for future losses that might occur within such categories, since the total allowance is a general allowance applicable to the entire portfolio.

In determining the adequacy of the allowance for credit losses, management considers such factors as known problem loans, evaluations made by bank regulatory agencies and external auditors, individual loan reviews for loans in excess of \$40,000, collateral, assessment of economic and market conditions, concentrations and other appropriate data in order to identify the risks in the portfolio. The Loan Review Committee reviews on a quarterly basis the loan loss reserve of the Bank and makes recommendations to the Board of Directors of the Bank concerning the adequacy of the allowance. Additionally, the Bank's policy is to maintain a loan loss reserve equal to at least 1.0% of the total loans outstanding or an amount sufficient to cover all reasonably anticipated loan losses. If, following a review of the allowance, the allowance is determined to be inadequate or excessive, the amount of the allowance is adjusted accordingly.

Deposits.

Deposits are the primary source of funding for Sugarland's earning assets. Total deposits at March 31, 1995 and at the end of 1994 and 1993 were approximately \$15,536,000, \$15,320,000 and \$16,072,000, respectively. Time certificates of deposit of \$100,000 or more, which were approximately \$508,000 at March 31, 1995, \$501,000 at the end of 1994 and \$703,000 at the end of 1993, had remaining maturities as follows:

<TABLE>  
<CAPTION>

	March 31,		December 31,	
	1995	1994	1993	
Maturing within:	(Dollars in thousands)			
<S>	<C>	<C>	<C>	
Three months or less	\$ 102	\$ 301	\$ 503	
Over three months to six months	406	--	--	
Over six months to twelve months	--	200	200	
Over twelve months	--	--	--	
Total	\$ 508	\$ 501	\$ 703	

</TABLE>

Average deposit balances are summarized for the periods indicated:

<TABLE>  
<CAPTION>

	Three Months Ended March 31,		Years Ended December 31,		
	1995	Average Rate	1994	Average Rate	1993
	(Dollars in thousands)				
<S>	<C>	<C>	<C>	<C>	<C>



1994. At December 31, 1994, Sugarland's total shareholders' equity was \$2,107,000, a decrease of .43% from \$2,116,000 at December 31, 1993. The decrease from 1993 to 1994 was due principally to Sugarland's adoption of SFAS 115, which resulted in Sugarland's investment securities being stated at fair value and unrealized losses therein causing a reduction in shareholders' equity. The increase from year-end 1994 to March 31, 1995 reflects earnings for the period and a decline in Sugarland's unrealized losses on investment securities. Book value per common share is presented in the table below.

<TABLE>  
<CAPTION>

	March 31,		December 31,	
	1995	1994	1994	1993
(Dollars in thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>
Shares outstanding		187,286	187,286	187,286
Shareholders' equity	\$	2,228	\$ 2,107	\$ 2,116
Book value per common share	\$	11.90	\$ 11.25	\$ 11.30

</TABLE>

Adequate levels of capital are necessary over time to sustain growth and absorb losses. In the case of banks and bank holding companies, capital levels must also meet minimum regulatory requirements. All risk-based and other capital ratios improved from year-end 1993 to 1994, and from year-end 1994 to March 31, 1995, and remain well above regulatory minimums. At March 31, 1995, the Bank's Tier 1 capital was 25.96% of risk-weighted assets and its total capital was 27.25% of risk-weighted assets, compared to the regulatory minimums of 4.0% and 8.0%, respectively. At December 31, 1994, the Bank's Tier 1 capital was 24.39% of risk-weighted assets and its total capital was 25.83% of risk-weighted assets. The Bank's regulatory leverage ratio, which compares Tier 1 capital to adjusted total assets, was 13.33% and 13.42% at March 31, 1995 and December 31, 1994, respectively, compared to the regulatory minimum of 4.0%. Under present regulations, the Bank was classified as "well-capitalized" based upon its capital ratios at March 31, 1995 and December 31, 1994 and 1993. The following table sets forth the Bank's risk based capital and capital ratios at March 31, 1995 and at year-end 1994 and 1993.

<TABLE>  
<CAPTION>

	March 31,		December 31,		Regulatory Minimum
	1995	1994	1994	1993	
(Dollars in thousands)					
<S>	<C>	<C>	<C>	<C>	
Capital:					
Tier 1	\$	2,318	\$ 2,264	\$ 2,176	
Tier 2		115	134	145	
Total capital	\$	2,433	\$ 2,398	\$ 2,321	
Risk-weighted assets	\$	8,928	\$ 9,284	\$ 9,594	
Ratios:					
Tier 1 capital to risk-weighted assets		25.96%	24.39%	22.68%	4.0%
Tier 2 capital to risk-weighted assets		1.29%	1.44%	1.51%	--
Total capital to risk-weighted assets		27.25%	25.83%	24.19%	8.0%
Leverage Ratio		13.33%	13.42%	12.13%	4.0%

</TABLE>

#### INFORMATION ABOUT MIDSOUTH

A copy of MidSouth's Annual Report to Shareholders for the year ended December 31, 1994, and its Quarterly Report to Shareholders for the quarter ended March 31, 1995, is being delivered to the shareholders of MidSouth and Sugarland along with this Joint Proxy Statement and Prospectus. The following documents are incorporated herein by reference: MidSouth's Annual Report on Form 10-KSB for the fiscal year ended December 31, 1994, as amended by Form 10-KSB/A filed on March 23, 1995;

MidSouth's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1995; the following sections of MidSouth's Annual Report to Shareholders: page 30, "Market Prices"; inside back cover, "Stock Trading Information" and information on dividends; page 1, "Financial Statements"; pages 30-31, "Selected Quarterly Financial Data"; pages 2-11, "Management's Discussion and Analysis"; and MidSouth's Quarterly Report to Shareholders "Financial Statements." See "Available Information" for information with respect to obtaining copies of documents incorporated by reference in this Joint Proxy Statement and Prospectus.

#### COMPARATIVE RIGHTS OF SHAREHOLDERS

If the Mergers are subsequently consummated, all shareholders of Sugarland, other than those perfecting dissenters' rights, will become shareholders of MidSouth and their rights will be governed by and be subject to the Articles of Incorporation and Bylaws of MidSouth rather than the Articles of Incorporation and Bylaws of Sugarland. The following is a brief summary of certain of the principal differences between the rights of holders of MidSouth Preferred Stock and Sugarland Common Stock not described elsewhere herein.

#### Preferred Stock

The Board of Directors of MidSouth is authorized by the Company's Articles of Incorporation, without action of its shareholders, to issue preferred stock from time to time and to establish the designations, preferences and relative, optional or other special rights and qualifications, limitations and restrictions thereof, as well as to establish and fix variations in the relative rights as between holders of any one or more series of such preferred stock, except that any issuance of preferred stock ranking senior to or on a parity with the Preferred Stock must be approved by a vote of holders of the Preferred Stock. The authority of the Board of Directors includes but is not limited to the determination or fixing of the following with respect to each series of preferred stock which may be issued: (i) the designation of such series; (ii) the number of shares initially constituting such series; (iii) the dividend rate and conditions, and the dividend preferences, if any, in respect of the preferred stock and among the series of preferred stock; (iv) whether, and upon what terms, the preferred stock would be convertible into or exchanged for shares of any other class or other series of the same class; (v) whether, and to what extent, holders of one or more shares of a series of preferred stock will have voting rights; and (vi) the restrictions, if any, that are to apply on the issue or reissue of any additional preferred stock. Shares of preferred stock that are authorized would be available for issuance in connection with the acquisition of other businesses, infusion of capital, or for other lawful corporate purposes, at the discretion of the Board of Directors. The Board of Directors could issue preferred stock to a person or persons who would support management in connection with a proxy contest to replace an incumbent director or in opposition to an unsolicited tender offer. As a result such proposals or tender offers could be defeated even though favored by the holders of a majority of MidSouth Common Stock.

The Articles of Incorporation of Sugarland do not authorize the issuance of preferred stock.

#### Directors

The Articles of Incorporation of MidSouth provide that the Board of Directors shall be divided into three equal classes, with directors in each class holding office for a staggered term of three years. Accordingly, only one-third of the directors are subject to election each year. The Articles further provide that the affirmative vote of not less than 80% of the "Total Voting Power" is required to remove a director from office during his term of service, and that a director may only be removed for cause. The Articles define Total Voting Power as the total number of votes that shareholders and holders of any bonds, debentures or other obligations granted voting rights by the Corporation pursuant to La. R.S. 12:75(H) are entitled to cast with respect to the election of directors or, if such term is used in reference to any other particular matter properly brought before the shareholders for a vote, means the total number of such votes that are entitled to be cast with respect to such matter.

Nominations for directors must comply with the nominating procedures set forth in Article IV(H), which requires, among

other things, that a written notice of nomination be delivered to the Board prior to the shareholders' meeting at which the nomination will be considered, and that such notice must contain certain specific information about the candidate and the shareholder making the nomination, as required under the Securities Exchange Act of 1934.

MidSouth's Articles also permit directors to vote by proxy.

Provisions governing the election and powers of Sugarland's directors are contained in its Bylaws rather than its Articles, and the Bylaws do not contain any of the special provisions discussed above.

#### Business Combinations

With respect to a tender offer or offer to merge or consolidate, MidSouth's Articles permit its directors to consider: (i) the consideration offered in relation to the current market price of the stock versus the estimated future market price of the stock that could be achieved over several years; (ii) the social and economic effects of the transaction on the corporation, its subsidiaries, or their employees, customers, creditors and the communities in which the corporation and its subsidiaries do business; (iii) the business and financial condition and earning prospects of the acquiring party; and (iv) the competence, experience and integrity of the acquiring party and its management. These provisions are intended to give MidSouth's directors substantial discretion in evaluating an offer to merge or consolidate. Sugarland's Articles do not contain provisions on business combinations.

#### Special Meetings of Shareholders

MidSouth's Articles require that at least 80% of the total voting power of MidSouth is necessary for the shareholders to call a special meeting. Sugarland's Articles and Bylaws do not address the call of a special meeting by shareholders, so under the LBCL shareholders of Sugarland would be entitled to call a special meeting upon the written request of 20% of the outstanding stock of Sugarland.

#### Bylaws

Bylaws of MidSouth may be adopted only by a majority vote of all of the Continuing Directors. "Continuing Directors" is defined in the Articles as the persons who (1) are members of the Board of Directors of the Corporation on March 3, 1993 or (2) become members of the Board of Directors after March 3, 1993 upon the nomination of the Board of Directors at a time when a Majority of the Members are Continuing Directors. The Bylaws may be amended or repealed only by a majority vote of all of the Continuing Directors or by the affirmative vote of the holders of at least 80% of the Total Voting Power at any annual or special meeting of shareholders, the notice of which expressly states that the proposed amendment or repeal is to be considered at the meeting. Any purported amendment to the Bylaws which would add thereto a matter not covered in the Bylaws prior to such purported amendment shall be deemed to constitute the adoption of a Bylaw provision and not an amendment to the Bylaws.

Sugarland's Articles provide that its Bylaws may be adopted, amended or repealed concurrently by the Board or the shareholders, and that the shareholders may provide that any alterations, amendments or repeal of a provision of the Bylaws by the shareholders may not be altered, amended, repealed or reinstated by the Board.

#### Vote Required for Shareholder Action

MidSouth's Articles provide that any proposal to approve a merger, consolidation, share exchange, disposition of all the corporation's assets, dissolution or an amendment to the Articles which has the recommendation and approval of a majority of the Continuing Directors need only be approved by the shareholders by a majority of the voting power present at a meeting to consider such matters. All other proposals submitted to the shareholders upon the recommendation and approval of a majority of the Continuing Directors need only be approved by a majority of the votes cast at any meeting to consider the proposal. Any matter submitted to the shareholders other than with the recommendation and approval of a majority of the Continuing Directors must be approved by the affirmative vote of 80% of the Total Voting Power.



Sugarland's Articles provide that shareholder approval of any matter properly brought before the shareholders is effected by a majority of the votes actually cast, with the exception of directors, who are elected by a plurality vote.

#### Limitation of Personal Liability and Indemnification of Directors and Officers

The Articles of Incorporation of MidSouth contain a provision limiting the personal liability of MidSouth's directors and officers under certain circumstances (the "Limitation of Liability Provision"). Pursuant to the Limitation of Liability Provision, the officers and directors of MidSouth have no personal liability to MidSouth or its shareholders for monetary damages for breach of their fiduciary duty as directors or officers of MidSouth except for (a) any breach of the director's or officer's duty of loyalty to MidSouth or its shareholders, (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) liability pertaining to acts related to an unlawful stock repurchase or payment of a dividend, or (d) any transaction from which the director or officer derived an improper personal benefit. The Articles also permit the Board to cause the Company to enter into contracts with its directors and officers to further limit an individual's liability to the fullest extent permitted by law, and to adopt similar limitation of liability and indemnification provisions with respect to the Company's subsidiaries.

Sugarland's Articles contain indemnification provisions which provide indemnification to its directors and officers to the fullest extent permitted by the LBCL. Neither Sugarland's Articles nor its Bylaws contain provisions limiting the liability of its directors and officers.

#### RIGHTS AND PREFERENCES OF MIDSOUTH PREFERRED STOCK

Shareholders of Sugarland who receive MidSouth Preferred Stock in exchange for their shares of Sugarland Common Stock will have the rights and preferences set forth in the Form of Articles of Amendment of MidSouth attached hereto as Appendix B and summarized below. Shareholders of Sugarland are urged to review the Form of Articles of Amendment of MidSouth at Appendix B.

#### Dividend Rights

Holders of record of the MidSouth Preferred Stock are entitled to receive, but only when as and if declared by the MidSouth Board of Directors, and out of the funds of MidSouth legally available for that purpose, cumulative cash dividends at an annual rate of 8.28% for 1995 and thereafter at an annual rate fixed on December 31 of each year for the ensuing calendar year, equal to the yield for Government Bonds and Notes maturing in December of the following year, as published in the Treasury Bonds, Notes and Bills Section of the last issue of the Wall Street Journal published each year, plus 1% per annum, and no more; provided that the annual dividend rate shall in no case be greater than 10% nor less than 6%, and that, from and after the tenth anniversary of the date of issuance of the Preferred Stock the annual dividend rate will be fixed at 10%. If more than one yield is shown for December maturities, the average will be applied. If no yield is quoted for December maturities, the yield for the next earlier available month will be applied. If any quarterly dividend is not paid when due, the unpaid amount will bear interest at a rate of 10% per annum until paid.

Dividends on the Preferred Stock are payable only from legally available funds, defined in MidSouth's Articles of Incorporation to mean such amount of the surplus of MidSouth as may be paid under the LBCL as may be provided in cash by MidSouth Bank to MidSouth as a dividend under applicable statutes and regulations of the U.S. Comptroller of the Currency and that would not result in MidSouth or MidSouth Bank having capital ratios of less than the required minimum regulatory capital ratios or failing to be "adequately capitalized" within the meaning of applicable law and regulations or being in violation of any law, regulation or regulatory directive, agreement or order. At March 31, 1995, the amount of legally available funds under this definition was approximately \$1,400,000.

Dividends payable on the Preferred Stock will be paid on the first day of April, July, October or January of each year or on such earlier dates as the MidSouth Board of Directors may from time to time fix as the dates for payment of quarterly dividends on MidSouth Common Stock. The initial dividend on the Preferred Stock will be payable on the first day of April, July, October,

or January that is at least 91 days from the date of original issuance of the Preferred Stock and will be in an amount, at the applicable dividend rate, based on the number of days between the date of original issuance and the dividend payment date minus 90 days, provided that the aggregate amount payable will be reduced by the amount by which certain expenses of Sugarland exceed \$110,000 (the "Subtracted Amount"). Such expenses include Sugarland's actual legal, accounting and financial advisory fees and expenses of printing and mailing this Joint Proxy Statement and Prospectus and holding the Special Meeting, and any other expenses in connection with the negotiation, execution, implementation and consummation of the Plan. In any case in which the Subtracted Amount is greater than the amount of the initial dividend otherwise payable, such excess will be deducted from the amount otherwise payable on the next succeeding dividend payment date.

Sugarland's estimated expenses in connection with the Plan are approximately \$135,000. Accordingly, it is estimated that there will be a Subtracted Amount of \$25,000. The Mergers will not be consummated until after June 30, 1995 and, accordingly, the earliest date by which the initial dividend will be paid is January 1, 1996. The table below provides examples of the timing and amount of the initial dividend, assuming a consummation date of July 20, 1995, that the annual dividend rate in 1996 will continue to be 8.28% and that the Subtracted Amount will be either \$25,000, \$50,000 or \$75,000.

<TABLE>  
<CAPTION>

Subtracted Amount	First Dividend Payment	Amount Per Share<FN2>
<S> \$25,000	<C> January 1, 1996	<C> \$.11
\$50,000	April 1, 1996<FN1>	\$.27
\$75,000	April 1, 1996<FN1>	\$.14

</TABLE>

- <FN1> No dividend would be paid on January 1, 1996  
<FN2> Quarterly dividends after the indicated date, at the assumed annual rate of 8.28%, would be approximately \$.295 per share.

As long as any shares of MidSouth Preferred Stock are outstanding, MidSouth may not declare, pay or set apart for payment any dividend on any shares of its Common Stock or other capital stock ranking junior to the Preferred Stock as to dividends or liquidation rights (collectively, "Junior Securities") or make any payment on account of, or set apart for payment money for a sinking or other similar fund, for the purchase, redemption or other retirement of, any of the Junior Securities or any warrants, rights, calls or options exercisable for or convertible into any of the Junior Securities, or make any distribution in respect thereof, either directly or indirectly, whether in cash, other property, obligations or shares of MidSouth (other than distributions or dividends in Junior Securities to the holders of Junior Securities), and may not permit any corporation or other entity directly or indirectly controlled by MidSouth to purchase or redeem any of the Junior Securities or any warrants, rights, calls or options exercisable for or convertible into any of the Junior Securities, unless prior to or concurrently with the payment or setting apart for payment of any dividend on any of the Junior Securities, all accumulated and unpaid dividends on shares of Preferred Stock, and interest thereon, if any, have been or will be paid in full. No shares of preferred stock ranking senior to or on a parity with the Preferred Stock may be issued without the approval of holders of Preferred Stock.

Holders of Sugarland Common Stock are not entitled to any dividend preference.

#### Redemption Rights

On or after the fifth anniversary of the date of issuance of the Preferred Stock, MidSouth may, at its option, redeem the whole, or from time to time, any part of the Preferred Stock at a redemption price per share payable in cash in an amount equal to

the sum of (i) \$14.25, (ii) all accrued and unpaid dividends on the Preferred Stock to the date fixed for redemption, whether or not earned or declared and (iii) interest accrued to the date of redemption on all accrued and unpaid dividends on the Preferred Stock, if any.

#### Conversion Rights

At their option, the holders of the shares of MidSouth Preferred Stock may convert such stock into shares of MidSouth Common Stock at the conversion rate of one share of MidSouth Common Stock for each share of Preferred Stock converted at any time prior to the redemption of the Preferred Stock. The conversion rate is subject to adjustment from time to time as follows:

If MidSouth at any time (i) pays a dividend or makes a distribution to all holders of its Common Stock in shares of Common Stock, and does not concurrently issue shares of Common Stock to the holders of the Preferred Stock in an amount equivalent to what holders of the Preferred Stock would have received if they had exercised their conversion rights prior to the dividend or distribution; or (ii) effects a stock split or reverse stock split of its Common Stock, then, in each such case, the conversion rate as in effect immediately before one of these events will be proportionately decreased or increased, as the case may be, so that the holders of any shares of the Preferred Stock thereafter surrendered for conversion will be entitled to receive the number of whole shares of Common Stock that they would have owned or been entitled to receive immediately following such event if their shares of Preferred Stock had been converted into Common Stock prior thereto.

In the event of (i) any reclassification of the Common Stock (other than in a stock split or reverse stock split), (ii) a consolidation or merger of MidSouth in which MidSouth will not be the surviving entity, (iii) a sale by MidSouth of substantially all of its property or assets or (iv) a statutory share exchange, each share of Preferred Stock will be convertible into or represent the right to receive the number of shares of Common Stock, or other securities or property, equivalent to what the holder of the Preferred Stock would have received if he had exercised his conversion rights prior to such an event.

No adjustment in the conversion rate shall be required unless the adjustment would require an increase or decrease in the conversion rate by more than one percent, but any adjustments which would fall below one percent will be carried forward cumulatively and taken into account in any subsequent adjustments.

#### Voting Rights

Except as otherwise required by law or the MidSouth Articles of Incorporation, holders of MidSouth Preferred Stock are not entitled to any vote on any matter, including but not limited to any merger, consolidation or transfer of assets, or statutory share exchange, and to notice of any meeting of shareholders of MidSouth. If at any time MidSouth falls in arrears in the payment of dividends on the Preferred Stock for two consecutive quarterly dividend periods, the number of directors constituting the full Board of Directors of MidSouth will be automatically increased by two, and the holders of the Preferred Stock, voting separately as a single class, will be entitled to elect two directors of MidSouth to fill the two created directorships, at a special meeting called for the purpose, and thereafter at each shareholders meeting held for the purpose of electing directors of MidSouth, so long as there continues to be any arrearage in the payment of dividends on the Preferred Stock for any past quarterly dividend period or of interest on such accumulated and unpaid dividends. When all accumulated and unpaid dividends on the Preferred Stock for all past quarterly dividend periods, and the interest thereon, have been paid in full, the right of the holders of the Preferred Stock to elect directors will cease, the number of directors of MidSouth will automatically be reduced by two, and the term of office of all directors elected by the holders of the Preferred Stock will immediately terminate.

Holders of the Preferred Stock must approve any issuance by MidSouth of preferred stock ranking senior to or on a parity with the Preferred Stock.

#### Liquidation Rights

Upon the dissolution, liquidation or winding up of MidSouth,

the holders of the shares of Preferred Stock will be entitled to receive upon liquidation, and to be paid out of the assets of MidSouth available for distribution to its shareholders before any payment or distribution may be made on the MidSouth Common Stock or on any other junior securities, the amount of \$14.25 per share, plus a sum equal to all accrued and unpaid dividends, whether or not earned or declared on such shares, and accrued interest thereon, if any, to the date of final distribution. Neither the sale of all or substantially all of the property or business of MidSouth, nor the merger or consolidation of MidSouth into or with any other entity, or the merger or consolidation of any other entity into MidSouth will be considered a dissolution, liquidation or winding up, voluntary or involuntary, of MidSouth.

Preemptive Rights

Holders of shares of MidSouth Preferred Stock do not have preemptive rights.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial statements are presented assuming the Mergers will be accounted for as a purchase, and, subject to the purchase adjustments noted below regarding the Companies, reflect the combination of the historical consolidated financial statements of the Companies for the following periods. The unaudited pro forma combined balance sheet assumes the Mergers were consummated on March 31, 1995. The unaudited pro forma statements of earnings are computed assuming the Mergers were consummated on January 1, 1994 and give effect to (1) the issuance of 187,286 shares of Preferred Stock at \$14.25 per share (2) the payment of preferred dividends at the rate effective March 31, 1995, (3) the amortization of restated goodwill and (4) the adjustment of certain assets of Sugarland to fair market value.

The unaudited pro forma information does not purport to represent what the Companies' combined results of operations actually would have been if the Mergers had occurred as of the dates indicated or will be for any future period. The unaudited pro forma combined financial statements should be read in conjunction with the historical financial statements and notes thereto of MidSouth and Sugarland contained elsewhere or incorporated by reference herein.

MidSouth Bancorp, Inc.  
 Unaudited Pro Forma Combined Balance Sheet  
 March 31, 1995

<TABLE>  
 <CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS						
Cash and Due From Banks	6,261,908	\$ 2,193,058	8,454,966		200,000 (A)	8,254,966
Federal Funds Sold	7,100,000	2,975,000	10,075,000			10,075,000
Total Cash and Cash Equivalents	13,361,908	5,168,058	18,529,966			18,329,966
Interest- Bearing Deposits in Banks	98,385		98,385			98,385
Securities Available for Sale	28,875,336	3,997,494	32,872,830			32,872,830
Investment						

Securities	931,404		931,404		931,404
Loans, Gross	61,440,380	7,957,334	69,397,714		69,397,714
Allowance for Possible Loan Losses	(905,175)	(115,445)	(1,020,620)		(1,020,620)
Unearned Discounts			0		0
Loans, Net	60,535,205	7,841,889	68,377,094		68,377,094
Bank Premises and Equipment, Net	2,203,510	478,356	2,681,866	287,000 (B)	2,968,866
Other Real Estate Owned, Net	193,350		193,350		193,350
Accrued Interest Receivable and Other Assets	1,309,296	327,954	1,637,250	97,580 (C)	1,734,830
Goodwill, Net	185,508		185,508	440,614 (D) 200,000 (A)	287,000 (B) 97,580 (C) 441,542
TOTAL ASSETS	\$107,693,902	17,813,751	125,507,653		\$125,948,267

</TABLE>

(See accompanying notes at end of financial statements)

MidSouth Bancorp, Inc.  
Unaudited Pro Forma Combined Balance Sheet  
March 31, 1995

<TABLE>  
<CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
LIABILITIES						
Deposits:						
Non-Interest Bearing	30,085,357	4,547,723	34,633,080			34,633,080
Interest Bearing	68,621,837	10,988,154	79,609,991			79,609,991
Total Deposits	98,707,194	15,535,877	114,243,071			114,243,071
Securities Sold Under Repurchase Agreements	315,479		315,479			315,479
Accrued Interest Payable	234,055	19,854	253,909			253,909
Notes Payable	2,154,366		2,154,366			2,154,366
Other Liabilities	112,752	29,809	142,561			142,561
Total Liabilities	101,523,846	15,585,540	117,109,386			117,109,386

Stockholders' Equity					
Preferred Stock		0		2,668,825 (D)	2,668,825
Common Stock	71,596	1,161,430	1,233,026	1,161,430 (D)	71,596
Capital Surplus	6,167,103	1,452,364	7,619,467	1,452,364 (D)	6,167,103
Unearned ESOP Shares	(67,926)		(67,926)		(67,926)
Unrealized (Losses) Gains on Securities Available-For-Sale, Net of Tax	(592,500)	(103,542)	(696,042)	103,542 (D)	(592,500)
Retained Earnings	591,783	231,569	823,352	231,569 (D)	591,783
Treasury Stock		(513,610)	(513,610)	513,610 (D)	0
Total Shareholders' Equity	6,170,056	2,228,211	8,398,267		8,838,881
Total Liabilities and Shareholders' Equity	\$107,693,902	17,813,751	125,507,653		125,948,267

</TABLE>

(See accompanying notes at end of financial statements)

MidSouth Bancorp, Inc.  
Unaudited Pro Forma Combined Statement of Earnings  
Year Ended December 31, 1994

<TABLE>  
<CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S> INTEREST INCOME:	<C>	<C>	<C>	<C>	<C>	<C>
Interest and Fees on Loans	\$5,463,501	868,282	6,331,783			6,331,783
Interest on Investment Securities	1,782,504	262,604	2,045,108			2,045,108
Interest on Federal Funds Sold	142,473	88,030	230,503			230,503
TOTAL INTEREST INCOME	7,388,478	1,218,916	8,607,394			8,607,394
INTEREST EXPENSE						

Interest on Deposits	1,924,906	365,679	2,290,585	2,290,585
Interest on Notes Payable	51,195		51,195	51,195
Total Interest Expense	1,976,101	365,679	2,341,780	2,341,780
NET INTEREST INCOME	5,412,377	853,237	6,265,614	6,265,614

</TABLE>

(See accompanying notes at end of financial statements)

MidSouth Bancorp, Inc.  
Unaudited Pro Forma Combined Statement of Earnings  
Year Ended December 31, 1994

<TABLE>  
<CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S> PROVISION FOR POSSIBLE LOAN LOSSES	<C> 210,000	<C>	<C> 210,000	<C>	<C>	<C> 210,000
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	5,202,377	853,237	6,055,614			6,055,614
NON-INTEREST INCOME						
Service Charges on Deposits	1,015,529	154,173	1,169,702			1,169,702
Other Service Charges and Fees	406,187	25,980	432,167			432,167
Securities Gains, Net	1,178		1,178			1,178
TOTAL NON-INTEREST INCOME	1,422,894	180,153	1,603,047			1,603,047
NON-INTEREST EXPENSE						
Salaries and Employee Benefits	2,242,892	436,220	2,679,112			2,679,112
Occupancy and Equipment Expenses	822,615	205,824	1,028,439			1,028,439

Other Operating Expenses	1,816,623	173,118	1,989,741	32,000 (E)	2,021,741
TOTAL NON-INTEREST EXPENSE	4,882,130	815,162	5,697,292		5,729,292
INCOME BEFORE INCOME TAXES	1,743,141	218,228	1,961,369		1,929,369
PROVISION FOR INCOME TAXES	601,500	55,685	657,185		657,185
NET INCOME	1,141,641	162,543	1,304,184		1,272,184

</TABLE>

(See accompanying notes at end of financial statements)

MidSouth Bancorp, Inc.  
 Unaudited Pro Forma Combined Statement of Earnings  
 December 31, 1994

<TABLE>  
 <CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PREFERRED DIVIDEND REQUIREMENT				220,979 (F)		220,979
INCOME AVAILABLE TO COMMON SHARE-HOLDERS	\$1,141,641	162,543	1,304,184			1,051,205
PRIMARY EARNINGS PER COMMON SHARE	\$ 1.61	0.87				1.48
FULLY DILUTED EARNINGS PER COMMON SHARE	\$					1.42

</TABLE>

MidSouth Bancorp, Inc.  
 Unaudited Pro Forma Combined Statement of Earnings  
 Three Months Ended March 31, 1995

<TABLE>  
 <CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INTEREST INCOME:						
Interest and						



Fees on Loans	\$1,546,455	201,445	1,747,900	\$ 1,747,900
Interest on Investment Securities	439,900	59,746	499,646	499,646
Interest on Federal Funds Sold	43,782	44,168	87,950	87,950
TOTAL INTEREST INCOME	2,030,137	305,359	2,335,496	2,335,496

</TABLE>

(See accompanying notes at end of financial statements)

MidSouth Bancorp, Inc.  
Unaudited Pro Forma Combined Statement of Earnings  
Three Months Ended March 31, 1995

<TABLE>  
<CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INTEREST EXPENSE:						
Interest on Deposits	568,873	92,831	661,704			661,704
Interest on Notes Payable	29,139		29,139			29,139
TOTAL INTEREST EXPENSE	598,012	92,831	690,843			690,843
NET INTEREST INCOME	1,432,125	212,528	1,644,653			1,644,653
PROVISION FOR POSSIBLE LOAN LOSSES	55,000	0	55,000			55,000
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	1,377,125	212,528	1,589,653			1,589,653
NONINTEREST INCOME:						
Service Charges on Deposits	249,211	37,383	286,594			286,594
Other Service Charges and Fees	108,569	7,848	116,417			116,417
Securities Gains, Net	0	0	0			0

TOTAL NONINTEREST INCOME	357,780	45,231	403,011	403,011
NONINTEREST EXPENSE:				
Salaries and Employee Benefits	587,802	101,185	688,987	688,987
Occupancy and Equipment Expenses	218,935	49,257	268,192	268,192

</TABLE>

(See accompanying notes at end of financial statements)

MidSouth Bancorp, Inc.  
Unaudited Pro Forma Combined Statement of Earnings  
Three Months Ended March 31, 1995

<TABLE>  
<CAPTION>

	MidSouth Bancorp, Inc.	Sugarland Bancshares, Inc.	Combined	Pro Forma DEBITS	Adjustment CREDITS	Pro Forma MidSouth Bancorp, Inc.
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Other Operating Expenses	468,826	45,676	514,502	5,000 (E)		519,502
TOTAL NONINTEREST EXPENSE	1,275,563	196,118	1,471,681			1,476,681
INCOME BEFORE INCOME TAXES	459,342	61,641	520,983			515,983
PROVISION FOR INCOME TAXES	161,257	13,350	174,607			174,607
NET INCOME	298,085	48,291	346,376			341,376
PREFERRED DIVIDEND REQUIREMENT			0	55,245 (F)		55,245
INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$298,085	48,291	346,376			\$286,131
PRIMARY EARNINGS PER COMMON SHARE	\$ 0.42	0.26				0.40
FULLY DILUTED EARNINGS PER COMMON SHARE	\$					0.38

</TABLE>

(A) To record estimated expenses relating to the Mergers as a

- purchase price adjustment.
  - (B) To adjust Bank Premises and Equipment to market.
  - (C) To record deferred taxes for write-up of Bank Premises and Equipment.
  - (D) To record preferred stock (187,286 shares @ \$14.25/share) and eliminate equity of Sugarland.
  - (E) To amortize adjusted goodwill on a straight line basis over 15 years.
  - (F) To record payment on Preferred Stock dividends.
- 

(See accompanying notes at end of financial statements)

#### ELECTION OF DIRECTORS OF MIDSOUTH

MidSouth's Articles provide that the number of directors will be set by the By-Laws, and the By-Laws currently provide for a Board of Directors of eight directors. The Articles also 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, Class II Directors will be elected to serve until the third succeeding annual meeting of shareholders and until their successors have been duly elected and qualified.

Unless authority is withheld, the persons named in the enclosed proxy will vote the shares represented by the proxies they receive for the election of the two Class II director nominees named below. In the unanticipated event that one or more nominees cannot be a candidate at the Annual Meeting, the shares represented by the proxies will be voted in favor of such other nominees as may be designated by the Board. Directors will be elected by plurality vote, and, as a result, abstentions and broker non-votes will be ineffective.

MidSouth's Articles provide that only persons who are nominated in accordance with the procedures set forth in Article IV(H) of the Articles are eligible for election as directors. Other than the Board of Directors, only shareholders of MidSouth entitled to vote at a meeting for the election of directors who have complied with the notice procedures set forth in the Articles may nominate a person for director. In order for such shareholder to timely nominate a person for election at the Annual Meeting, the shareholder must have provided written notice to MidSouth by January 15, 1995. The shareholders' notice must set forth the following: (1) as to each person whom the shareholder proposes to nominate for election or reelection as director, (a) the name, age, business address and residential address of such person, (b) the principal occupation or employment of such person, (c) the class and number of shares of capital stock of MidSouth of which such person is the beneficial owner (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 ("Rule 13d-3") and (d) any other information relating to such person that would be required to be disclosed in solicitations of proxies for the election of directors pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934; and (2) as to the shareholder of record giving the notice, (a) the name and address of such shareholder, (b) the class and number of shares of capital stock of MidSouth of which such shareholder is the beneficial owner (as defined in Rule 13d-3) and (c) a description of any agreements, arrangements or relationships between the shareholder giving the notice and each person the shareholder proposes to nominate. Two inspectors, not affiliated with MidSouth, appointed by MidSouth's secretary, will determine whether the notice provisions were

met. If the inspectors determine that the Shareholder has not complied with Article IV(H), the defective nomination shall be disregarded.

The following table sets forth certain information as of February 28, 1995 with respect to each director nominee and each director whose term as a director will continue after the Meeting. Unless otherwise indicated, each person has been engaged in the principal occupation shown for the past five years. The Board recommends a vote FOR each of the two nominees named below.

Director Nominees for terms expiring in 1998 (Class II Directors)

<TABLE>  
<CAPTION>

Name	Age	Principal Occupation	Year First Became Director of MidSouth
<S> Will G. Charbonnet, Sr.	<C> 47	<C> President, Acadiana Fast Foods Inc. (owner/operator fast food stores); Chairman of the Board, MidSouth and MidSouth Bank	<C> 1985
Clayton Paul Hilliard(1)	69	President, Badger Oil Corporation	1992(1)

Directors whose terms expire in 1996 (Class III Directors)

Name	Age	Principal Occupation	Year First Became Director of MidSouth
James R. Davis, Jr.	42	Owner, Safe-America Security System (1994-present); Director of Gas Supply for Louisiana, Victoria Gas Corporation (October 1992 - 1993); President, Elsbury Production, Inc. (oil and gas exploration and production) (June 1982 - September 1992)	1991
Karen L. Hail	41	Chief Financial Officer and Secretary, MidSouth	1988
Milton B. Kidd, Jr.	75	Optometrist, Kidd Vision Centers	1984

Directors whose terms expire in 1997 (Class I Directors)

Name	Age	Principal Occupation	Year First Became Director of MidSouth
C. R. Cloutier	48	President and C.E.O., MidSouth and MidSouth Bank	1984
J. B. Hargroder, M.D.	64	Physician, retired	1984
William M. Simmons	61	Private Investments	1984

</TABLE>

<FN1> Mr. Hilliard also was a director of MidSouth and MidSouth Bank from 1985 to 1987.

During 1994 the Board held 17 meetings. Each incumbent director attended at least 75% of the aggregate number of meetings held during 1994 of the Board and committees of which he or she was a member, except Robert Burke Keaty and James R. Davis, who attended

41% and 74% respectively.

The Board has an Executive Committee, an Audit and Loan Review Committee and a Personnel Committee. The members of the Executive Committee are Will G. Charbonnet, Sr., C. R. Cloutier, J. B. Hargroder, M.D. and Robert Burke Keaty. The Executive Committee's duties include nominations, shareholder relations, bank examination and Securities and Exchange Commission ("SEC") reporting. The Executive Committee will consider nominees that are proposed by shareholders in accordance with the procedures, described below, set forth in MidSouth's Articles. The Executive Committee did not meet in 1994 as such matters usually taken up by this Committee were brought to the full Board.

The current members of the Audit and Loan Review Committee are James R. Davis, Jr., Milton B. Kidd, III, and Clayton Paul Hilliard. The Committee, which held 12 meetings in 1994, is responsible for maintaining a program of internal accounting controls and monitoring all loans and lines of credit for consistency with MidSouth Bank's loan policy.

The current members of the Personnel Committee are Will G. Charbonnet, Sr., James R. Davis, Jr., J. B. Hargroder, Clayton Paul Hilliard and William M. Simmons. The Personnel Committee, which met one time in 1994, is responsible for evaluating the performance and setting the compensation of MidSouth's executive officers.

Directors of MidSouth are also members of the Board of Directors of MidSouth Bank. With the exception that Milton B. Kidd, III, is a director of MidSouth only, and Milton B. Kidd, Jr., is a director of MidSouth and director emeritus of MidSouth Bank. Directors were entitled to fees of \$200 per month for service on both boards, except for the Chairman of the Board of MidSouth and MidSouth Bank who receives an additional \$400 per month. In addition to the monthly fee, each director receives \$250 for each regular meeting, and \$125 for each special meeting of the Board of MidSouth Bank and \$75 for the first hour, and \$25 per hour for each additional hour, of each committee meeting. Directors received fees only for meetings they attended.

Section 16(a) of the Securities and Exchange Act of 1934 requires MidSouth's directors and executive officers and persons who own more than ten percent of a registered class of MidSouth's equity securities to file with the SEC initial reports of ownership, reports of changes in ownership, annual reports regarding certain transactions in common stock and other equity securities of MidSouth. Executive officers, directors and greater than ten-percent shareholders are required to furnish MidSouth with copies of all Section 16(a) reports they file. To MidSouth's knowledge, all such Section 16(a) filings with respect to changes in ownership in 1994 were filed on a timely basis.

SECURITY OWNERSHIP OF MANAGEMENT AND  
CERTAIN BENEFICIAL OWNERS OF MIDSOUTH

Security Ownership of Management

The following table sets forth certain information as of May 31, 1995, concerning the beneficial ownership of MidSouth's Common Stock by each director and nominee of MidSouth, by MidSouth's Chief Executive Officer, C. R. Cloutier (who is also a director) and by all directors and executive officers of MidSouth as a group, determined in

accordance with Rule 13d-3 of the SEC. Unless otherwise indicated, the Common Stock is held with sole voting and investment power.

<TABLE>  
<CAPTION>

Name and Address	Amount and Nature of Beneficial Ownership<FN1>	Percent of Class
<S> Will G. Charbonnet, Sr. 1003 Hugh Wallis Road, South, Suite F Lafayette, LA 70508	<C> 41,045<FN2>	<C> 5.7%
C. R. Cloutier P. O. Box 3745 Lafayette, LA 70502	49,555<FN3>	6.8%
James R. Davis, Jr. 9151 Interline Ave., Ste. 1-B Lafayette, LA 70503	15,618 (4)	2.2%
Karen L. Hail P. O. Box 3745 Lafayette, LA 70502	22,200<FN5>	3.1%
J. B. Hargroder, M.D. P. O. Box 1049 Jennings, LA 70546	70,209<FN6>	9.8%
Clayton Paul Hilliard P. O. Box 52745 Lafayette, LA 70505	34,195<FN7>	4.8%
Robert Burke Keaty 345 Doucet Road Suite 104 Lafayette, LA 70503	4,710<FN8>	0.7%
Milton B. Kidd, Jr., O.D. 1500 N.W. Blvd. P. O. Box 1071 Franklin, LA 70538	17,221<FN9>	2.4%
William M. Simmons P. O. Box 111 Avery Island, LA 70513	24,599<FN10>	3.4%
All directors and executive officers as a group (13 persons)	241,409	39.45%

</TABLE>

<FN1> MidSouth Common Stock held by MidSouth's Directors' Deferred Compensation Trust (the "Trust") is beneficially owned by the Plan Administrator, which has sole voting and investment power. Because the Plan Administrator is the Executive Committee of the Board of MidSouth, all directors of MidSouth could be deemed to share voting and investment power with respect to all MidSouth Common Stock held in the Trust (52,260 shares or 7.3% as of May 31, 1995). For each individual director, the table reflects the number of shares held for his or her account only. The group figure reflects all

shares held in the Trust on May 31, 1995. MidSouth Common Stock held by MidSouth's 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. Beneficial ownership of shares held in the ESOP is attributed to the ESOP, ESOP Trustees and ESOP Administrative Committee, as reflected in the table below. The Board has the power to appoint and remove the ESOP Trustees and Administrative Committee. Shares subject to 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 deemed to be outstanding for the purpose of computing the ownership percentage of any other person.

<FN2> Includes 8,883 shares as to which he shares voting and investment power and 6,938 held for his account in the Trust.

<FN3> Includes 7,362 shares held by the ESOP for his account as to which he shares voting power, 20,488 shares as to which he shares voting and investment power, 7,106 shares held for his account in the Trust and 10,500 shares underlying stock options.

<FN4> Includes 10,131 shares as to which he shares voting and investment power and 5,487 shares held for his account in the Trust.

<FN5> Includes 5,234 shares held for her account in the ESOP as to which she shares voting power, 210 shares as to which she shares voting and investment power, 5,416 shares held for her account in the Trust and 10,500 shares underlying stock options.

<FN6> Includes 63,435 shares as to which he shares voting and investment power, and 6,069 shares held for his account in the Trust.

<FN7> Includes 30,992 shares as to which he shares voting and investment power and 2,347 shares held for his account in the Trust.

<FN8> Includes 4,710 shares held for his account in the Trust.

<FN9> Includes 5,250 shares as to which he shares voting and investment power, and 4,713 shares held for his account in the Trust.

<FN10> Includes 570 shares as to which he shares voting and investment power and 5,764 shares held for his account in the Trust.

#### Security Ownership of Certain Beneficial Owners

The following table sets forth certain information as of May 31, 1995 concerning persons or groups, other than the directors listed in the table above, known to MidSouth to be the beneficial owner of more than five percent of MidSouth's Common Stock, determined in accordance with Rule 13d-3 of the SEC.

<TABLE>  
<CAPTION>

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
<S> Robert C. Schumacher, M.D. 16134 N. Gallagher Jennings, LA 70546	<C> 36,411	<C> 5.1%
Hilton B. Watson 102 S. Cutting Avenue Jennings, LA 70546	36,855	5.1%
MidSouth Bancorp, Inc. Employee Stock Ownership Plan, ESOP Trustees and ESOP Administrative Committee P. O. Box 3745 Lafayette, LA 70502	68,204 <FN1>	9.5%

</TABLE>

<FN1> The ESOP Administrative Committee directs the ESOP Trustees how to vote the approximately 6,065 unallocated shares of Common Stock held in the ESOP as of May 31, 1995. Voting rights of the shares allocated to ESOP participants' accounts are passed through to the participants. The ESOP Trustees have investment power with respect to the ESOP's assets, but must exercise this power in accordance with an investment policy established by the ESOP Administrative Committee. Thus, the ESOP Trustees share investment power with the ESOP Administrative Committee for all shares held pursuant to the ESOP. The ESOP Trustees are Donald R. Landry, an executive officer of MidSouth, and Russell Henson and Kim Cormier, MidSouth Bank employees. The ESOP Administrative Committee consists of Teri S. Stelly and Todd Kidder, executive officers of MidSouth, and Dailene Melancon, a MidSouth Bank employee.

EXECUTIVE COMPENSATION AND CERTAIN TRANSACTIONS

Summary of Executive Compensation

The following table shows all compensation awarded to, earned by or paid to MidSouth's Chief Executive Officer, C. R. Cloutier, for all services rendered by him in all capacities to MidSouth and its subsidiaries for the year ended December 31, 1994. No other executive officer of MidSouth had total annual salary and bonus exceeding \$100,000 for the year ended December 31, 1994.

<TABLE>  
<CAPTION>

Long Term Compensation

Name and Principal Position	Year	Annual Compensation		Awards		Payouts		Other
		Salary(\$)	Bonus(\$)	Other Annual Compensation (\$)	Restricted Stock Awards(s) (\$)	Securities Underlying Options/SARs (#)	LTIP Payouts (\$)	All Other Compensation (\$)
<S> C. R. Cloutier, Chief	<C> 1994 1993 1992	<C> 99,617 99,617 90,405	<C> 15,071 4,956 0	<C> 0 0 0	<C> 0 0 0	<C> 0 0 0	<C> 0 0 0	<C> 21,065<FN2> 20,764 14,705



</TABLE>

- <FN1> Awarded pursuant to the Incentive Compensation Plan of MidSouth Bank.
- <FN2> Consists of \$11,900 in directors' fees, all of which were deferred by Mr. Cloutier pursuant to the Trust, an estimated \$8,338 contributed by MidSouth to the ESOP for the account of Mr. Cloutier and \$827 paid by MidSouth in insurance premiums for term life insurance for the benefit of Mr. Cloutier.

Option Exercises and Holdings

The following table sets forth information with respect to MidSouth's Chief Executive Officer, C. R. Cloutier, concerning his exercise of options during 1994 and unexercised options held as of December 31, 1994. As of December 31, 1994, as adjusted for a stock dividend paid February 18, 1994, other executive officers of MidSouth held options to purchase an aggregate of 10,500 shares of common stock exercisable at \$9.52 per share and expiring on December 31, 1996.

AGGREGATED OPTION EXERCISES IN 1994 AND  
OPTION VALUES AS OF DECEMBER 31, 1994

<TABLE>  
<CAPTION>

Name	No. of Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options/SARs at December 31, 1994<FN1>		Value of Unexercised In-the-Money Options/SARs at December 31, 1994	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<S> C. R. Cloutier	<C> 0	<C> \$0	<C> 10,500	<C> 0	<C> \$20,790	<C> N.A.

</TABLE>

- <FN1> As adjusted for a stock dividend paid February 18, 1994, Mr. Cloutier's options are exercisable at an exercise price of \$9.52 per share and expire on December 31, 1996.

Employment and Severance Contract

Mr. Cloutier has a written employment agreement with MidSouth Bank for a term of one year, commencing February 15th of each year. The employment agreement is automatically extended for a period of one year every year thereafter commencing on the termination date, unless written notice of termination is given by any party to the agreement not later than 60 days before the termination date. Pursuant to the contract, Mr. Cloutier receives term life insurance equal to four times his annual salary payable to a beneficiary of his choice and disability insurance of not less than two-thirds of his annual salary. Mr. Cloutier's contract has a severance provision which entitles him to one year's salary if the agreement is terminated by MidSouth Bank,

unless he is removed by a regulatory body.

#### Certain Transactions

Directors, nominees and executive officers of MidSouth and their associates have been customers of, and have had loan transactions with, MidSouth Bank in the ordinary course of business, and such transactions are expected to continue in the future. In the opinion of MidSouth's management, such transactions have been on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavorable features.

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#### RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

MidSouth's consolidated financial statements for the year ended December 31, 1994 were audited by the firm of Deloitte & Touche LLP and the Board has appointed such firm to audit MidSouth's financial statements for the year ending December 31, 1995. Representatives of Deloitte & Touche LLP are not expected to be present at the Annual Meeting.

#### SHAREHOLDER PROPOSALS

Eligible shareholders who desire to present a proposal qualified for inclusion in the proxy materials relating to the 1996 annual meeting of MidSouth must forward such proposals to the Secretary of MidSouth at the address listed on the first page of this Proxy Statement in time to arrive at MidSouth prior to \_\_\_\_\_.

#### LEGAL MATTERS

Correro, Fishman & Casteix, L.L.P., New Orleans, Louisiana, has rendered its opinion that the shares of MidSouth Preferred Stock to be issued in connection with the Holding Company Merger have been duly authorized and, if and when issued pursuant to the terms of the Plan, will be validly issued, fully paid and non-assessable.

#### EXPERTS

The audited consolidated financial statements of Sugarland and its subsidiary as of and for each of the years in the two year period ended December 31, 1994 and 1993 have been audited by Nixon, Roy, Metz & Nixon, independent public accountants, as indicated in their report with respect thereto, and have been included herein in reliance upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of MidSouth incorporated in this Joint Proxy Statement and Prospectus by reference from the MidSouth Annual Report on Form 10-KSB have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report which is incorporated herein by reference and has been so incorporated in reliance upon the report of such firm given upon authority as experts in accounting and auditing.

#### OTHER MATTERS

With respect to the Companies, at the time of the preparation of this Joint Proxy

Statement and Prospectus, neither of them had been informed of any matters to be presented by or on behalf of the Companies or the management thereof for action at the Meetings other than those listed in the Notice of Special Meeting of Shareholders of Sugarland and Notice of Annual Meeting of Shareholders of MidSouth referred to herein. If any other matters come before the meeting or any adjournment thereof, the persons named in the enclosed proxy will vote on such matters according to their best judgment.

Shareholders are urged to sign the enclosed proxy, which is solicited on behalf of the Board of Directors of Sugarland or MidSouth, and return it at once in the enclosed envelope.

ANY SHAREHOLDER MAY BY WRITTEN REQUEST OBTAIN WITHOUT CHARGE A COPY OF MIDSOUTH'S ANNUAL REPORT ON FORM 10-KSB FOR THE YEAR ENDED DECEMBER 31, 1994, WITHOUT EXHIBITS. REQUESTS SHOULD BE ADDRESSED TO SALLY D. GARY, INVESTOR RELATIONS, MIDSOUTH BANCORP, INC., P. O. BOX 3745, LAFAYETTE, LOUISIANA 70502.

BY ORDER OF THE BOARD OF DIRECTORS  
OF SUGARLAND

Jeanerette, Louisiana \_\_\_\_\_  
June , 1995 RONALD R. HEBERT, SR., SECRETARY

BY ORDER OF THE BOARD OF DIRECTORS  
OF MIDSOUTH

Lafayette, Louisiana \_\_\_\_\_  
June , 1995 KAREN L. HAIL, SECRETARY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
OF  
SUGARLAND BANCSHARES, INC.

	Page
Independent Auditors' Report.....	F-2
Consolidated Balance Sheets as of December 31, 1994 and 1993 and March 31, 1995.....	F-3
Consolidated Statements of Income for the Years Ended December 31, 1994 and 1993 and the Three Months ended March 31, 1995 and 1994.....	F-4
Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 1994 and 1993 and the Three Months ended March 31, 1995.....	F-5
Consolidated Statements of Cash Flows for the Years Ended December 31, 1994	

Independent Auditors' Report

The Board of Directors and Shareholders  
 Sugarland Bancshares, Inc.  
 P.O. Box 71  
 Jeanerette, LA 70544

We have audited the accompanying consolidated balance sheets of Sugarland Bancshares, Inc. and Sugarland State Bank as of December 31, 1994 and 1993, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Corporations' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sugarland Bancshares, Inc. and Sugarland State Bank at December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the years then ended, in conformity with generally accepted accounting principles.

MIXON, ROY, METZ & MIXON  
 CERTIFIED PUBLIC ACCOUNTANTS

New Iberia, Louisiana  
 March 1, 1995

Sugarland Bancshares, Inc.  
 Consolidated Balance Sheets  
 December 31, 1994 and 1993  
 and March 31, 1995

<TABLE>  
 <CAPTION>

	(Unaudited) March 31, 1995	1994	1993
<S>	<C>	<C>	<C>
Assets:			
Cash and Due From Banks	\$2,193,058	\$2,323,694	\$2,364,404
Federal Funds Sold	2,975,000	2,075,000	3,050,000
Securities Available for Sale	3,997,494	3,944,856	3,919,566

Loans, Net of Unearned Discount and Allowance for Possible Loan Losses	7,841,889	8,225,775	8,048,063
Bank Premises and Equipment, Net of Accumulated Depreciation	478,356	493,338	551,978
Accrued Income and Other Assets	327,954	409,896	295,698
Total Assets:	<u>\$17,813,751</u> =====	<u>\$17,472,559</u> =====	<u>\$18,229,709</u> =====
Liabilities and Shareholders' Equity:			
Liabilities:			
Deposits			
Demand	\$4,547,723	\$4,821,975	\$4,614,157
Savings and NOW Deposits	5,802,279	5,090,390	5,324,182
Other Time Deposits	5,185,875	5,407,579	6,133,173
Total Deposits	<u>\$15,535,877</u>	<u>\$15,319,944</u>	<u>\$16,071,512</u>
Accrued Interest on Deposits	19,854	17,194	15,805
Other Liabilities	29,809	28,083	25,927
Total Liabilities:	<u>\$15,585,540</u>	<u>\$15,365,221</u>	<u>\$16,113,244</u>
Shareholders' Equity:			
Common Stock, Par Value \$5, 400,000 Shares Authorized, 232,286 Issued and 187,286 Shares Outstanding	\$1,161,430	\$1,161,430	\$1,161,430
Capital Surplus	1,452,364	1,452,364	1,452,364
Retained Earnings	231,569	181,602	19,373
Net Unrealized Losses on Securities Available For Sale, Net of Tax	(103,542)	(174,448)	(3,092)
Treasury Stock, 45,000 Shares	(513,610)	(513,610)	(513,610)
Total Shareholders' Equity:	<u>\$2,228,211</u>	<u>\$2,107,338</u>	<u>\$2,116,465</u>
Total Liabilities and Shareholders' Equity:	<u>\$17,813,751</u> =====	<u>\$17,472,559</u> =====	<u>\$18,229,709</u> =====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

F-3

Sugarland Bancshares, Inc.  
Consolidated Statements of Income  
For The Years Ended December 31, 1994 and 1993  
And The Three Months Ended March 31, 1995 and 1994

<TABLE>  
<CAPTION>

	(Unaudited) Three Months Ended March 31,		Year Ended December 31,	
	1995	1994	1994	1993
<S>	<C>	<C>	<C>	<C>
Interest Income:				
Interest and Fees on Loans	\$ 201,445	\$ 197,411	\$ 868,282	\$ 885,008
Interest on Securities Available for Sale	59,746	68,443	262,604	295,127
Interest on Federal Funds Sold	44,168	31,139	88,030	87,614
Total Interest Income:	<u>\$ 305,359</u>	<u>\$ 296,993</u>	<u>\$ 1,218,916</u>	<u>\$ 1,267,749</u>
Interest Expense:				
Interest on Deposits	92,831	92,418	365,679	408,049
Net Interest Income:	<u>\$ 212,528</u>	<u>\$ 204,575</u>	<u>\$ 853,237</u>	<u>\$ 859,700</u>
Provision for Possible Loan Losses	-0-	-0-	-0-	-0-

Net Interest Income After Provisions for Credit Losses:	\$ 212,528	\$ 204,575	\$ 853,237	\$ 859,700
Other Income:				
Customer Service Charges	\$ 37,383	\$ 37,123	\$ 154,173	\$ 153,034
Other Income	7,848	10,291	25,980	37,375
Net Investment Securities Gains	-0-	-0-	-0-	8,297
Total Other Income:	\$ 45,231	\$ 47,414	\$ 180,153	\$ 198,706
Other Expenses:				
Salaries and Employee Benefits	\$ 101,185	\$ 103,673	\$ 436,220	\$ 444,628
Occupancy Expenses	34,194	38,626	148,649	153,133
Equipment Expenses	15,063	15,427	57,175	59,178
Other Expenses	45,676	44,726	173,118	189,324
Total Other Expenses:	\$ 196,118	\$ 202,452	\$ 815,162	\$ 846,263
Income Before Income Taxes:	\$ 61,641	\$ 49,537	\$ 218,228	\$ 212,143
Income Tax Expense:	13,453	15,270	55,685	23,826
Net Income:	\$ 48,188	\$ 34,267	\$ 162,543	\$ 188,317
Net Income Per Share of Common Stock	\$ .26	\$ .18	\$ .87	\$ 1.01
Average Shares Outstanding	187,286	187,286	187,286	187,286

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

F-4

Sugarland Bancshares, Inc.  
Consolidated Statements of Changes in Shareholders' Equity  
For The Years Ended December 31, 1994 and 1993  
And The Three Months Ended March 31, 1995

<TABLE>  
<CAPTION>

	Common Stock	Capital Surplus	Retained Earnings	Unrealized Loss on Securities Available For Sale	Treasury Stock
<S>	<C>	<C>	<C>	<C>	<C>
Balances at December 31, 1992 as previously reported:	\$ 1,161,430	\$ 1,452,364	\$ (80,271)	\$ (50,912)	\$ (513,610)
Prior Period Adjustment			(50,912)	50,912	
Balances at December 31, 1992 as restated:	1,161,430	1,452,364	(131,183)	-0-	(513,610)
Net Income For Year			188,317		
Unrealized Loss on Securities Available For Sale				(3,092)	
Dividends			(37,457)		
Minority Interest in Income of Subsidiary			(304)		
Balances at December 31, 1993:	\$ 1,161,430	\$ 1,452,364	\$ 19,373	\$ (3,092)	\$ (513,610)
Net Income For Year			162,543		
Net Change in Unrealized Loss on Securities Available For Sale, Net Taxes of \$81,131				(171,356)	
Minority Interest in Income of Subsidiary			(314)		
Balances at					

December 31, 1994:	\$ 1,161,430	\$ 1,452,364	\$ 181,602	\$ (174,448)	\$ (513,610)
Net Income through March 31, 1995 *			48,188		
Over-accrual of Prior-year Taxes *			1,779		
Net Change in Unrealized Loss on Securities Available For Sale*				70,906	
Balances at March 31, 1995: *	\$ 1,161,430	\$ 1,452,364	\$ 231,569	\$ (103,542)	\$ (513,610)

\* Unaudited information

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

F-5

Sugarland Bancshares, Inc.  
Consolidated Statements of Cash Flows  
For The Years Ended December 31, 1994 and 1993  
And The Three Months Ended March 31, 1995 and 1994

<TABLE>  
<CAPTION>

	(Unaudited) Three Months Ended March 31,		Year Ended Dember 31,	
	1995	1994	1994	1993
<S>	<C>	<C>	<C>	<C>
Cash Flows From Operating Activities:				
Net Income	\$ 48,188	\$ 34,267	\$ 162,543	\$ 188,317
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation	14,982	15,750	60,145	62,298
Increase in Accrued Income and Other Assets	83,719	51,394	(14,932)	(26,943)
Increase/(Decrease) in Interest Payable	2,660	2,158	1,389	(7,378)
Increase/(Decrease) in Other Liabilities	1,726	5,852	2,298	(10,008)
Loss/(Gain) on Sale of Other Real Estate Owned	-0-	-0-	2,527	(12,500)
Net Cash Provided by Operating Activities:	\$ 151,275	\$ 109,421	\$ 213,970	\$ 193,786
Cash Flows From Investing Activities:				
Proceeds From Maturities of Securities Available for Sale	\$ 500,000	\$ 1,000,000	\$ 520,923	\$ 917,697
Purchases of Securities Available for Sale	(481,730)	(1,558,539)	(799,156)	(1,450,227)
Net Decrease in Federal Funds Sold	(900,000)	(1,100,000)	975,000	2,600,000
Net Income in Loans	383,886	751,853	(177,712)	(454,319)
Purchase of Equipment	-0-	-0-	(1,505)	(21,022)
Acquisition of Other Real Estate Owned	-0-	-0-	(55,000)	-0-
Proceeds From Sale of Other Real Estate Owned	-0-	-0-	34,338	67,500
Net Cash Provided by Investing Activities:	\$ 497,844	\$ 906,686	\$ 496,888	\$ 1,659,629
Cash Flows From Financing Activities:				
Net Decrease in Demand Deposits, NOW and Savings Accounts	\$ 437,637	\$ 309,139	\$ (25,974)	\$ (792,775)
Net Decrease in Time Deposits	(221,704)	(29,408)	(725,594)	(570,226)
Dividends Paid	-0-	-0-	-0-	(37,457)
Net Cash Used in Financing Activities:	\$ 215,933	\$ 279,731	\$ (751,568)	\$ 1,400,458

Net (Decrease)/Increase in Cash and Cash Equivalents	\$ (130,636)	\$ (517,534)	\$ (40,710)	\$ 452,957
Cash and Due from Banks at January 1	<u>2,323,694</u>	<u>2,364,404</u>	<u>2,364,404</u>	<u>1,911,447</u>
Cash and Due from Banks at End of Period	\$ <u>2,193,058</u> =====	\$ <u>1,846,870</u> =====	\$ <u>2,323,694</u> =====	\$ <u>2,364,404</u> =====

</TABLE>

Supplemental Disclosures:

1. The Corporation paid interest costs of \$364,290 and \$415,427 in the years ended December 31, 1994 and 1993, respectively.
2. The Corporation made income tax payments of \$49,894 and \$26,653 for the years ended December 31, 1994 and 1993, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

F-6

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies:

The Corporation

Sugarland Bancshares, Inc., a Louisiana corporation (the Corporation), is a bank holding company. Sugarland State Bank (the Bank) is a state non-member banking institution and a 99.8% owned subsidiary of the Corporation. The Bank is located in Jeanerette, LA with a branch in New Iberia, LA and its customers are primarily from that area.

Principles of Consolidation

The consolidated financial statements include the accounts of Sugarland Bancshares, Inc. and its 99.8% owned subsidiary, Sugarland State Bank. Intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheet caption "Cash and Due From Banks".

Investments in Securities

For 1993, investments in securities are stated at cost, adjusted for amortization of premium and accretion of discount, which are recognized as adjustments to interest income. Gain or losses on the sale of investment securities are based upon the adjusted cost of the specific security sold and the net proceeds. The investment marketable equity security is carried at the lower of cost or market value. Generally, the Corporation sells these securities only to meet liquidity needs. For 1994, the Corporation adopted SFAS No. 115 and classified all its U.S. Government Agency Bonds and Notes as securities available for sale. These securities are reflected at fair value, and unrealized holding gains and losses, net of tax on securities available for sale, are reported as a net amount in a separate component of shareholders' equity until realized.

Loans



---

Loans are stated at the amount of unpaid principal, reduced by unearned discounts and an allowance for possible loan losses. Interest income on installment loans is recognized using the sum-of-the-digits method which is similar to the interest method. Income on other loans is credited to operations based on the principal amount outstanding using the simple interest method. Based upon the evaluation of individual loans, the Corporation does not recognize interest income where collection of interest is not expected.

#### Allowance for Possible Loan Losses

---

The allowance for possible loan losses is established through a provision for loan losses charged to

F-7

### Sugarland Bancshares, Inc. Notes to the Consolidated Financial Statements (Continued)

expenses. Loans are charged against the allowance for possible loan losses when management believes that the collectability of the principal is unlikely.

The allowance is an amount that management believes will be adequate to absorb possible loan losses on existing loans that may become uncollectible, based on evaluation of the collectability of loans and prior loan loss experience.

#### Off Balance Sheet Financial Instruments

---

In the ordinary course of business, the Bank has entered into off balance sheet financial instruments consisting of commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable.

#### Net Income Per Share of Common Stock

---

Net income per share of common stock is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period.

#### Premises and Equipment

---

The premises and equipment are carried at cost less accumulated depreciation. Depreciation of premises and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis for financial reporting purposes and accelerated methods for income tax reporting purposes.

#### Other Real Estate Owned

---

Other real estate owned is comprised of properties acquired through partial or total satisfaction of loans. These properties are carried at the lower of cost or market value. Loan losses arising from the acquisition of such properties are charged against the allowance for possible loan losses. Other expenses incurred are charged directly to operations.

#### Income Taxes

---

Provisions for income taxes are based on amounts reported in the statement of income (after exclusion of non-taxable income such as interest on state and municipal securities) and include deferred income taxes on temporary differences in the recognition of income and expense for tax and financial statement purposes.

Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in SFAS No. 109, Accounting for Income Taxes. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

F-8

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

The Corporation does not consider the allowance for possible loan losses as a timing difference since it believes the allowance will not reverse in the future.

Compensated Absences

Employees of the Bank are entitled to paid vacation days and sick days depending on length of service. The amount of compensation for future absences is immaterial and, accordingly, no liability has been recorded in the financial statements. The Bank's policy is to recognize the costs of compensated absences when actually paid to employees.

Post Retirement Benefits

The Bank presently offers no post retirement benefits which would be required to be recorded in the financial statements. The Bank has a nonqualified deferred compensation plan in which some of its directors participate. These fees were deducted in the financial statements but were not deducted for tax purposes. No deferrals have been made for a number of years. The economic liability is reflected in the financial statements.

Prior Period Adjustment

Retained earnings at the beginning of 1993 has been adjusted to correct the inappropriate treatment of the decline in market value of a mutual fund in 1992 and prior years. The error had no effect on net income for 1994 or 1993.

F-9

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

Note 2 - Investments in Securities:

The carrying amounts of securities available for sale as shown in the consolidated balance sheets and their approximate fair values at December 31 were as follows:

<TABLE>  
<CAPTION>

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Gross Realized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>	<C>
December 31, 1994:					
Mutual Fund	\$ 200,000	\$ -0-	\$ 17,415	\$ 50,912	\$ 131,673
U. S. Government and Agency Securities	3,951,803	930	239,550	-0-	3,713,183
Other Securities	100,000	-0-	-0-	-0-	100,000

\$ 4,251,803	\$ 930	\$ 256,965	\$ 50,912	\$ 3,944,856
=====	=====	=====	=====	=====

</TABLE>

<TABLE>  
<CAPTION>

	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
December 31, 1993:				
Mutual Fund	\$ 145,996	\$ -0-	\$ -0-	\$ 145,996
U. S. Government and Agency Securities	3,673,570	63,888	1,454	3,736,004
Other Securities	100,000	-0-	-0-	100,000
	\$ 3,919,566	\$ 63,888	\$ 1,454	\$ 3,982,000
	=====	=====	=====	=====

</TABLE>

Securities carried at approximately \$1,000,000 at December 31, 1994 and \$800,000 at December 31, 1993, were pledged to secure public deposits and for other purposes required by law. "Mutual fund" is a marketable equity security with an original cost of \$200,000 and market values of \$131,673 at December 31, 1994 and \$145,996 at December 31, 1993. "Other Securities" is stock in a nonpublicly traded corresponding bank.

The maturities of securities available for sale at December 31, were as follows:

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Due from one to five years	\$ 3,509,439	\$ 3,193,512
Due over five years	442,364	480,058
	\$ 3,951,803	\$ 3,673,570
	=====	=====

</TABLE>

F-10

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

Note 3 - Loans and Allowance for Possible Loan Losses:

The components of loans outstanding at December 31 were as follows:

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Commercial/Industrial/Agricultural	\$ 4,273,896	\$ 4,127,427
Commercial Real Estate	851,826	1,056,279
Residential Real Estate	1,423,072	1,431,247
Consumer/Installment	1,906,974	1,676,411
Other	3,490	4,343
Gross Loans	\$ 8,459,258	\$ 8,295,707
Less:		
Unearned Discounts	(99,630)	(102,252)
Allowance for Possible Loan Losses	(133,853)	(145,392)
Total Loans	\$ 8,225,775	\$ 8,048,063

</TABLE>

Nonperforming loans, which include loans contractually past due 90 days or more and those on nonaccrual, were \$26,000 and \$72,000 at December 31, 1994 and 1993, respectively.

Approximately 30% of the Bank's loans were related to the farming industry of the Jeanerette, LA area.

The maturities and repricing frequencies of loans outstanding at December 31 were as follows:

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
One year or less:		
Floating interest rate	\$ 592,605	\$ 1,162,187
Fixed interest rate	2,762,203	2,686,380
After one year through five years:		
Floating interest rate	1,574,759	1,601,168
Fixed interest rate	1,493,846	1,243,622
After five years:		
Floating interest rate	1,198,208	869,852
Fixed interest rate	837,637	732,498
	\$ 8,459,258	\$ 8,295,707
	=====	=====

</TABLE>

Changes in the Allowance for Possible Loan Losses for the years ended December 31 were as follows:

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Balance at January 1	\$ 145,392	\$ 134,763
Provisions Charged to Operations	-0-	-0-
Recoveries of Loans Previously Charged Off	4,646	16,582
Loans Charged Off	(16,003)	(5,953)
Balance at December 31	\$ 133,853	\$ 145,392
	=====	=====

</TABLE>

F-11

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

Note 4 - Bank Premises and Equipment:

Components of properties and equipment were as follows:

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Building - Main Office	\$ 469,788	\$ 469,788
Furniture, Fixtures and Vehicles	713,760	712,255
Land - Jeanerette, LA	50,238	50,238
Land - New Iberia, LA	87,563	87,563
Total	\$1,321,349	\$1,319,844
Less Accumulated Depreciation	(828,011)	(767,866)
Fixed Assets (Net)	\$ 493,338	\$ 551,978

</TABLE>

Depreciation expense for the years ended December 31, 1994 and 1993 was \$60,145 and \$62,298, respectively.

Note 5 - Treasury Stock:

Treasury stock is shown at cost.

Note 6 - Commitments and Contingent Liabilities:

In the normal course of business there are outstanding various commitments and contingent liabilities, such as guarantees and commitments to extend credit, which are not reflected in the accompanying financial statements until they become payable. In the opinion of management, these do not represent unusual risks.

At December 31, 1994 and 1993 unused lines of credit totaled \$1,565,000 and \$2,104,000, respectively.

At December 31, 1994 and 1993 letters of credit totaled \$33,000 and \$51,000, respectively.

The Corporation and the Bank are also subject to claims and lawsuits which arise primarily in the ordinary course of business. Based on information presently available it is the opinion of management that such claims and lawsuits, if any, will not have a material adverse effect on the consolidated financial position of the Corporation.

F-12

Sugarland Bancshares, Inc.

Notes to the Consolidated Financial Statements (Continued)

Note 7 - Income Taxes:

The provision for income taxes at December 31 consisted of the following:

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Currently Payable		
Federal	\$ 52,623	\$ 22,173
State	3,062	1,653
	\$ 55,685	\$ 23,826
	=====	=====

</TABLE>

As discussed in Note 1, no deferred taxes have been recorded in the financial statements for the components of allowance for possible loan losses. Writedowns of other real estate owned of \$15,124 creates a benefit of \$5,142, and the use of accelerated depreciation creates a liability of \$1,905. Due to the immaterial benefit, no deferred asset or liability was recorded.

The provision for federal income taxes is less than that computed by applying the federal statutory rate of 34% in 1994 and 1993, as indicated in the following analysis.

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Tax based on statutory rate	\$ 74,198	\$ 72,129
Effect on tax-exempt income	-0-	(3,844)
Effect of net loan recoveries (losses)	(3,923)	3,614
Deferred compensation paid	(10,499)	-0-
Non deductible expenses	509	554
Contribution carryover	-0-	(481)
Net operating loss carryover	-0-	(43,895)
Depreciation	2,346	(4,251)
Other (Net)	(6,946)	-0-
	\$ 55,685	\$ 23,826
	=====	=====

</TABLE>

Note 8 - Related Parties:

Some of the directors and executive officers of Sugarland State Bank and companies with which they are associated had banking transactions with the Bank in the ordinary course of business. Loans and commitments for loans to those individuals and their related companies were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the Bank. The aggregate indebtedness of those individuals and their related companies to the Bank at December 31, 1994 and 1993 was \$1,388,000 and \$1,100,000, respectively. During 1994, new loans to such related parties amounted to \$1,000,000 and repayments amounted to \$712,000.

F-13

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

Note 9 - Concentrations of Credit:

---

All the Bank's loans, commitments, and standby letters of credit have been granted to customers in the Bank's market area. All such customers are depositors of the Bank. The concentrations of credit by type of loans are set forth in Note 3. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Standby letters of credit were granted primarily to commercial borrowers. The Bank, as a matter of policy, does not extend credit to any single borrower or group of related borrowers in excess of \$500,000.

Note 10 - Regulatory Matters:

---

The Bank is subject to various regulatory capital requirements administered by the state and federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, in those circumstances, could have a direct material effect on the institution's financial statements. The regulations require the Bank to meet specific capital adequacy guidelines that involve qualitative measures of the Bank's assets and liabilities as calculated under regulatory accounting principles. The regulations also require agencies to make qualitative judgments about the Bank. Those qualitative judgments could also effect the Bank's capital structure. Management believes that, as of December 31, 1994, the institution meets all such capital requirements to which it is subject.

Note 11 - Subsequent Events:

---

On December 28, 1994, MidSouth Bancorp, Inc. (MidSouth) and Sugarland Bancshares, Inc. issued a joint news release announcing an agreement under which Sugarland Bancshares, Inc. and its 99.8% owned subsidiary, Sugarland State Bank, would be acquired by MidSouth. This transaction is structured to qualify as a tax-free reorganization and will result in 187,286 shares of convertible preferred stock of MidSouth being issued to shareholders of the Corporation. The transaction is subject to receipt of federal and state regulatory approvals, the approval of the shareholders of MidSouth and the Corporation, and the satisfaction of certain other conditions. The transaction is expected to be consummated in the summer of 1995.

F-14

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

Note 12 - Sugarland Bancshares, Inc. (Parent Only) Condensed Financial Statements:

The following condensed financial statements summarize the financial position and results of operations of Sugarland Bancshares, Inc. (parent company only) as of December 31, 1994 and 1993 and for the years then ended.

<TABLE>  
<CAPTION>

(Parent Only)  
Sugarland Bancshares, Inc.  
Condensed Balance Sheets  
December 31, 1994 and 1993

Assets:	1994	1993
<S>	<C>	<C>
Current Assets:		
Cash on Hand and in Banks	\$ 12,566	\$ 6,046
Investments:		
Stock - Sugarland State Bank (Equity Basis)	2,102,549	2,172,028
Other Assets:		
Due From Sugarland State Bank	2,333	1,827
Merger Costs	54,739	-0-
Total Assets:	<u>\$2,172,187</u> =====	<u>\$2,179,901</u> =====
Liabilities and Shareholders' Equity:		
Current Liabilities:		
Income Taxes Payable	\$ 1,414	\$ -0-
Shareholders' Equity:		
Common Stock, par value \$5; 400,000 Shares Authorized, 232,286 Issued and 187,286 Shares Outstanding	\$1,161,430	\$1,161,430
Capital Surplus	1,452,363	1,452,363
Retained Earnings	245,141	82,804
Unrealized Losses on Available-for- Sale Securities	(174,551)	(3,086)
Treasury Stock, 45,000 Shares at Cost	(513,610)	(513,610)
Total Shareholders' Equity:	<u>\$2,170,773</u> =====	<u>\$2,179,901</u> =====
Total Liabilities and Shareholders' Equity:	<u>\$2,172,187</u> =====	<u>\$2,179,901</u> =====

</TABLE>

F-15

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

(Parent Only)  
Sugarland Bancshares, Inc.  
Condensed Statements of Income and Retained Earnings  
For The Years Ended December 31, 1994 and 1993

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Revenues:		
Dividends	\$ 64,000	\$ 37,457
Expenses:		
Legal and Accounting	\$ 2,500	\$ 2,500
Taxes and Assessments	375	885

Miscellaneous	45	302
Total Expenses:	\$ 2,920	\$ 3,687
Income Before Taxes and Equity in Undistributed Income of Sugarland State Bank:	\$ 61,080	\$ 33,770
Income Taxes	(729)	174
Equity in Earnings of Sugarland State Bank	102,193	154,372
Net Income:	\$ 162,544	\$ 188,316
Retained Earnings, Beginning:	82,804	(67,743)
Dividends	-0-	(37,457)
Minority Interest in Income of Subsidiary	(207)	(312)
Retained Earnings, Ending:	\$ 245,141	\$ 82,804

</TABLE>

F-16

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

(Parent Only)  
Sugarland Bancshares, Inc.  
Condensed Statements of Cash Flows  
For The Years Ended December 31, 1994 and 1993

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Cash Flows From Operating Activities:		
Net Income	\$ 162,544	\$ 188,316
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Net Increase/(Decrease) in Due From Subsidiary	(506)	3,895
Merger Costs	(54,739)	-0-
Increase in Taxes Payable	1,414	-0-
Net Cash Provided by Operating Activities:	\$ 108,713	\$ 192,211
Cash Flows From Investing Activities:		
Equity in Earnings of Subsidiary	(102,193)	(154,372)
Cash Flows from Financing Activities:		
Dividends Paid	-0-	(37,458)
Net Increase in Cash	6,520	381
Cash at Janaury 1	\$ 6,046	\$ 5,665
Cash at December 31	\$ 12,566	\$ 6,046

</TABLE>

F-17



Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

Note 13 - Sugarland State Bank (Subsidiary Only) Condensed Financial Statements:

The following condensed financial statements summarize the financial position and results of operations of Sugarland State Bank (subsidiary only) as of December 31, 1994 and 1993 and for the years then ended.

<TABLE>  
<CAPTION>

(Subsidiary Only)  
Sugarland State Bank  
Condensed Balance Sheets  
December 31, 1994 and 1993

	1994	1993
<S>	<C>	<C>
<b>Assets:</b>		
Cash and Due From Banks	\$ 2,311,128	\$ 2,358,358
Federal Funds Sold	2,075,000	3,050,000
Investment Securities	3,944,856	3,919,566
Loans, Net	8,225,775	8,048,063
Bank Premises, Net	556,775	615,415
Other Real Estate Owned	60,000	41,865
Accrued Interest and Other Assets	295,175	253,832
<b>Total Assets:</b>	<b>\$17,468,691</b>	<b>\$18,287,099</b>
	=====	=====
<b>Liabilities and Stockholders' Equity:</b>		
<b>Liabilities:</b>		
Deposits	\$15,319,944	16,071,512
Accrued Interest and Other Liabilities	41,942	39,163
<b>Total Liabilities:</b>	<b>\$15,361,886</b>	<b>\$16,110,675</b>
	-----	-----
<b>Stockholders' Equity:</b>		
Common Stock (\$5 par Value; 50,000 Shares Issued and Outstanding)	\$ 250,000	\$ 250,000
Capital Surplus	750,000	750,000
Unrealized Loss on Available for Sale Securities	(157,489)	-0-
Unrealized Loss on Equity Securities	(17,416)	(3,093)
Retained Earnings	1,281,710	1,179,517
<b>Total Stockholders' Equity:</b>	<b>\$ 2,106,805</b>	<b>\$ 2,176,424</b>
	-----	-----
<b>Total Liabilities and Stockholders' Equity:</b>	<b>\$17,468,691</b>	<b>\$18,287,099</b>
	=====	=====

</TABLE>

F-18

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

<TABLE>  
<CAPTION>

(Subsidiary Only)  
Sugarland State Bank  
Condensed Statements of Income and Retained Earnings  
For The Years Ended December 31, 1994 and 1993

	1994	1993
<S>	<C>	<C>
Interest Income:		
Interest and Fees on Loans	\$ 868,282	\$ 885,008
Interest on Investment Securities	262,604	295,127
Interest on Federal Funds Sold	88,030	87,614
Total Interest Income:	<u>\$1,218,916</u>	<u>\$1,267,749</u>
Interest Expense:		
Interest on Deposits	365,679	408,049
Net Interest Income:	<u>\$ 853,237</u>	<u>\$ 859,700</u>
Provision for Possible Loan Losses	-0-	-0-
Net Interest Income After Provision for Credit Losses:	<u>\$ 853,237</u>	<u>\$ 859,700</u>
Other Income:		
Customer Service Chares	\$ 154,173	\$ 153,034
Other	25,980	45,671
Total Other Income:	<u>\$ 180,153</u>	<u>\$ 198,705</u>
Other Expense:		
Salaries	\$ 355,656	\$ 362,101
Employee Benefits	80,564	82,527
Occupancy Expenses	148,649	153,123
Other Expenses	227,372	244,824
Total Other Expense:	<u>\$ 812,241</u>	<u>\$ 842,575</u>
Income Before Income Taxes:	<u>\$ 221,149</u>	<u>\$ 215,830</u>
Income Taxes	54,956	24,000
Net Income:	<u>\$ 166,193</u>	<u>\$ 191,830</u>
Retained Earnings, Beginning:	1,179,517	1,025,144
Dividends	(64,000)	(37,457)
Retained Earnings, Ending:	<u>\$1,281,710</u>	<u>\$1,179,517</u>
	=====	=====

</TABLE>

F-19

Sugarland Bancshares, Inc.  
Notes to the Consolidated Financial Statements (Continued)

Note 14 - Unaudited Consolidated Financial Statements:

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly Sugarland Bancshares, Inc.'s financial position as of March 31, 1995, the results of operations for the three month periods ended March 31, 1995 and 1994, the consolidated statements of changes in shareholders' equity for the years ended December 31, 1994, 1993, and for the three months ended March 31, 1995, and the cash flows for the three month periods ended March 31, 1995 and 1994, respectively.

F-20

APPENDIX A

December 30, 1994

The Board of Directors  
Sugarland Bancshares, Inc.  
1527 West Main Street  
Jeanerette, LA 70544-3527

Gentlemen:

You have requested our opinion as to the fairness, from a financial point of view, to Sugarland Bancshares, Inc. ("Sugarland") and its shareholders, of the proposed acquisition of its common stock, \$5.00 par value per share (the "Common Stock" or "Shares"), by MidSouth Bancorp, Inc. ("MidSouth"). The terms of the transaction contemplated are set forth in a Agreement and Plan of Merger dated December 29, 1994 (the "Agreement") and the related merger agreement (collectively, the "Plan"); and provide that Sugarland will merge into MidSouth (the "Company Merger"), and Sugarland State Bank ("Bank"), Sugarland's majority-owned subsidiary, will merge into MidSouth National Bank, MidSouth's wholly-owned subsidiary (together with the Company Merger, collectively called the "Mergers"). Under the terms of the Plan, on the date the holding company merger becomes effective, the shareholders of Sugarland will become preferred stock shareholders of MidSouth, as follows:

Sugarland, except for the Shares as to which dissenters' rights of appraisal have been perfected and not withdrawn or forfeited in accordance with applicable law, shall be converted into a number of shares of Series A cumulative convertible preferred stock (the "Preferred Stock") of MidSouth, having the terms set forth in the form of Articles of Amendment attached as Exhibit C to the Agreement, equal to the quotient of (i) 187,286, divided by (ii) the number of outstanding Shares of Sugarland on the date the merger becomes effective (the "Exchange Ratio"). In lieu of the issuance of any fractional share of Preferred Stock to which a holder of Sugarland Common Stock may be entitled, each such shareholder of Sugarland shall be entitled to receive a cash payment (without interest) equal to such fractional share multiplied by the state value of a share of Preferred Stock.

Chaffe & Associates, Inc. ("Chaffe"), through its experience in the securities industry, investment analysis and appraisal, and in related corporate finance and investment banking activities, including mergers and acquisitions, corporate recapitalization, and valuations for estate, corporate and other purposes, states that it is competent to provide an opinion as to the fairness of the transaction contemplated herein. Neither Chaffe nor any of its officers or employees has an interest in the common stocks of Sugarland or MidSouth. During the past year, Chaffe has provided financial advisory services to Sugarland, including assistance in negotiating the proposed transaction ("Advisory Services"). The fee received for the preparation of this report is not, and fees received for Advisory Services were not, dependent or contingent upon any transaction.

The Board of Directors  
Sugarland Bancshares, Inc.

December 30, 1994  
Page 2

In connection with this opinion, we have reviewed materials bearing upon the transaction and upon the financial and operating information: a) the Plan; b) Sugarland's audited financial statements with examination and opinion by Mixon, Roy & Romero, Certified Public Accountants, for the years 1988 through 1990; c) Sugarland's audited financial statements with examination and opinion by Mixon, Roy, Metz & Mixon, Certified Public Accountants, for the years 1991 through 1993; d) Sugarland's Federal Reserve Forms FR-Y6 dated December 31, 1992 and 1993, and Form FRY9-SP dated June 30, 1994; e) Sugarland's Income Tax Returns for the years 1992 and 1993, prepared by Mixon, Roy, Metz & Mixon, Certified Public Accountants; f) Bank CALL Reports for each quarter ended December 31, 1992 through September 30, 1994; g) Bank's Uniform Bank Performance Reports dated December 31, 1992 and 1993; h) Bank's 1994 Budget; i) Articles of Incorporation and By-Laws of both Sugarland and Bank; and j) various Sugarland and Bank reports, unaudited financial statements, information, documents and regulatory correspondence.

In addition, we have reviewed materials bearing upon the financial and operating condition of MidSouth, including: a) MidSouth's audited financial statements for the years 1989 through 1993, with examination and opinion by Deloitte & Touche, and for the year 1988, with examination and opinion by Deloitte, Haskins & Sells; b) MidSouth's Proxy Statements for Annual Shareholders Meetings held in 1993 and 1994; c) MidSouth's Annual Reports on Form 10-K for the years 1988 through 1993 and quarterly reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 1993, and March 31, June 30, and September 30, 1994; d) MidSouth's Registration Statements on Form S-2 dated April 16, 1993, June 4, 1993, and March 31, 1994; and S.E.C. Forms 8-A dated March 23, 1993 and April 7, 1993; e) Articles of Incorporation and By-Laws of both MidSouth and MidSouth National Bank; f) MidSouth National Bank's CALL reports for each quarter ended March 31, 1993 through September 30, 1994; g) MidSouth National Bank's Uniform Bank Performance Reports dated December 31, 1993, and June 30, 1994; and, h) various MidSouth information and correspondence. We have also reviewed statistical and financial information derived from various statistical services for Sugarland, MidSouth, and information and analysis relating to them.

We have reviewed certain historical market information for the Common Stock of Sugarland and note that no independent market exists for the Shares. We note that, at present, Sugarland has authorized 400,000 Shares, of which 232,286 Shares are issued, 187,286 Shares are outstanding and 45,000 Shares are held in its treasury. In addition, we have reviewed certain historical market information for the common stock of MidSouth. We note that at September 30, 1994, MidSouth had authorized 5,000,000 shares of MidSouth common stock, par value \$0.10 per share, of which at such date 711,869 shares were issued and outstanding, and no shares were held as treasury stock. In addition, MidSouth had authorized 5,000,000 shares of preferred stock, no par value, of which none were issued and outstanding. We note that MidSouth's common stock is traded on the American Stock Exchange Emerging Company Marketplace, and we have been informed by the management of MidSouth that a market will be made in the Preferred Stock also. Further, we note that although there is an independent market for MidSouth's common stock, this stock is thinly traded and this condition will likely exist for the Preferred Stock as well.

The Board of Directors  
Sugarland Bancshares, Inc.

December 30, 1994  
Page 3

We have analyzed the historical performance of Sugarland and MidSouth and have considered the current financial condition, operations and prospects for both companies. We have held discussions with the managements of both companies about these matters. We analyzed information and data provided by the management of Sugarland and MidSouth concerning the loans (including non-performing loans), other real estate, securities perform an independent review of Sugarland's or MidSouth's assets or liabilities. We have relied solely on Sugarland and MidSouth for information as to the condition of the loan portfolio, the adequacy of the loan loss reserve and the value of other real estate held.

Also, we compared certain financial and stock market data for a peer group of bank holding companies, composed primarily of institutions with market share in Louisiana, whose securities are publicly traded; reviewed the financial terms of business combinations in the commercial banking industry specifically, using national, southern and Louisiana peer groups and other industries generally; considered a number of valuation methodologies, including among others, those that incorporate book value, deposit base premium and capitalization of earnings; and performed such other studies and analyses as we deemed appropriate to this analysis. This opinion is necessarily based upon market, economic and other conditions as they exist on, and can be evaluated as of, the date of this letter.

We note that Chaffe was retained by Sugarland to assist the Board of Directors and senior management of Sugarland in its negotiations of this transaction with MidSouth. Chaffe was not asked to and did not participate in any efforts by Sugarland to market itself for sale; nor did Chaffe evaluate potential

alternative transactions. The senior management of Sugarland has informed Chaffe that it is unaware of any transaction more favorable than the one contemplated by the Plan and that no other transaction has been proposed to Sugarland at this time. Management of Sugarland has instructed Chaffe to provide this opinion on that basis.

In our review, we have relied, without independent verification, upon the accuracy and completeness of the historical and projected financial information and other information reviewed by us for purposes of this opinion, and we are relying on the tax opinion issued in connection with the transaction contemplated. We express no opinion on the tax consequences of the proposed received by the holders of Sugarland Common Stock.

Based upon and subject to the foregoing and based upon such other matters as we considered relevant, it is our opinion that the proposed Exchange Ratio is fair to Sugarland Bancshares, Inc., and its shareholders, from a financial point of view.

Very truly yours,

/s/ CHAFFE & ASSOCIATES, INC.  
CHAFFE & ASSOCIATES, INC.

GFGL:mr

#### APPENDIX B

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

MidSouth Bancorp, Inc., a Louisiana corporation (the "Corporation"), through its undersigned President and Secretary, hereby certifies that:

1. On \_\_\_\_\_, 1995, the Board of Directors of the Corporation adopted, pursuant to Section 33A of the Louisiana Business Corporation Law (the "LBCL"), the following amendment to Article III of its Amended and Restated Articles of Incorporation (the preferences, limitations and relative rights of a series of preferred stock, and authorized the delivery of these Articles of Amendment to the Secretary of State for filing pursuant to Section 32B of the LBCL.

2. Article III of the Articles of Incorporation is amended to add a new Section E to read in its entirety as follows:

"E. Of the 5,000,000 shares of authorized no par value per share Preferred Stock, [187,286] shares shall constitute a separate series of Preferred Stock with the voting powers and the preferences and rights hereinafter set forth.

(1) Designation. The series of Preferred Stock created hereunder is designated "Cumulative Convertible Preferred Stock, Series A" (the "Series A Preferred Stock").

(2) Stated Value. The stated value of each share of Series A Preferred Stock is \$14.25.

(3) Dividend Rights.

(a) Except as provided in Subparagraph (ii),

(i) the holders of record of the shares of Series A Preferred Stock are entitled to receive, but only when, as and if declared by the Board of Directors, and out of the funds of the Corporation legally available for that purpose, cumulative cash dividends at an annual rate, fixed on December 31 of each year for the ensuing calendar year, equal to the yield for Government Bonds and Notes maturing in December of the following year, as published in the Treasury Bonds, Notes and Bills Section of the last issue of the Wall Street Journal

published each year, plus 1% per annum, and no more; provided that, the annual dividend rate shall in no case be greater than 10% nor less than 6%; provided further that, from and after the tenth anniversary of the annual dividend rate shall be fixed at 10%. If more than one yield is shown for December maturities, the average shall be applied. If no yield is quoted for December maturities, the yield for the next earlier available month shall be applied. From the date of issuance of the Series A Preferred Stock through December 31, 1995, the annual dividend rate shall be \_\_\_\_%. The Corporation by resolution of its Board of Directors shall, to the extent of Legally Available Funds, as defined below, declare a dividend on the Series A Preferred Stock payable quarterly on the first day of April, July, October, and January in each year, or on such earlier dates as the Board of Directors may from time to time fix as the dates for payment of quarterly dividends on the Common Stock, except that any dividend payable on a payment date that is a legal holiday shall be paid on the next succeeding business day. Dividends on each share of Series A Preferred Stock shall be cumulative from the date of original issuance thereof whether or not there shall be funds legally available for the payment of such dividends. Dividends payable on the Series A Preferred Stock (i) for any period other than a full year shall be computed on the basis of a 360-day year consisting of twelve 30-day months and (ii) for each full dividend period shall be computed by dividing the annual dividend rate by four. If any quarterly dividend is not paid when due, the unpaid amount shall bear interest at a rate of 10% per annum until paid.

(ii) The first dividend payable on the Series A Preferred Stock shall be paid on the first day of April, July, October or January that is at least 91 days from the date of original issuance of the Series A Preferred Stock and will be in an amount, at the applicable dividend rate, based on the number of days between the date of original issuance and the dividend payment date minus 90 days, provided that the aggregate which Expenses, as defined below, are less than \$110,000 (the "Additional Amount"), or (B) will be reduced by the amount by which Expenses exceed \$110,000 ("The Subtracted Amount"). In any case in which (A) the Additional Amount is greater than the dividend that would have been paid for the 90 excluded days set forth above, such excess will be payable on the next succeeding dividend payment date, or (B) the Subtracted Amount is greater than the amount otherwise payable under this paragraph, such excess will be deducted from the amount otherwise payable on the next succeeding dividend payment date.

(iii) The term "Expenses" means the actual expenses of Sugarland Bancshares, Inc. ("Sugarland") in connection with the negotiation, execution, implementation and consummation of that certain agreement between Sugarland and the Corporation dated \_\_\_\_\_, 1994 (the "Agreement"), including, without limitation, legal, accounting and financial advisory fees and expenses and expenses of printing and mailing Sugarland's proxy statement and holding its shareholders meeting to consider the Agreement.

(iv) The term "Legally Available Funds" means such amount of the surplus of the Corporation that may be paid as dividends under the Business Corporation Law of Louisiana as may be provided in cash by MidSouth Bank to the Corporation as a dividend under applicable statutes and regulations of the U. S. Comptroller of the Currency and that would not result in the Corporation or MidSouth Bank having capital ratios, of less than the required regulatory minimum capital ratios, or failing to be "adequately-capitalized" within the meaning of applicable law and regulations or being in violation of any law, regulation or regulatory directive, agreement or order.

Stock are outstanding, the Corporation shall not declare, pay or set apart for payment any dividend on any shares of capital stock of the Corporation ranking junior to the Series A Preferred Stock as to dividends or liquidation rights (collectively, "Junior Securities") or make any

payment on account of, or set apart for payment money for a sinking or other similar fund, for the purchase, redemption or other retirement of, any of the Junior Securities or any warrants, rights, calls or options exercisable for or convertible into any of the Junior Securities, or make any distribution in respect thereof, either directly or indirectly, whether in cash, other property, obligations or shares of the Corporation (other than distributions or dividends in Junior Securities to the holders of Junior Securities), and shall not permit any corporation or other entity directly or indirectly controlled by the Corporation to purchase or redeem any of the Junior Securities or any warrants, rights, calls or options exercisable for or convertible into any of the Junior Securities, unless prior to or concurrently with the payment or setting apart for payment of any dividend on any of the Junior Securities, all accumulated and unpaid dividends on shares of Series A Preferred Stock, and interest thereon, if any, shall have been or shall be paid.

(c) If dividends are paid in part and not in full upon the shares of Series A Preferred Stock and on any other Preferred Stock ranking on a parity, as to dividends, with the Series A Preferred Stock, such dividends must be divided pro rata among such parity shares in proportion to the respective dividends accrued and unpaid thereon as of the dividend payment date.

(d) Except as otherwise expressly provided in this Section E, holders of shares of the Series A Preferred Stock are not entitled to any dividend, whether payable in cash, property or stock, or any interest, or sum of money A Preferred Stock which may be in arrears.

#### (4) Redemption.

(a) On or after the fifth anniversary of the date of issuance of the Series A Preferred Stock, the Corporation may, at its option, and subject to appropriate approval by the Board of Governors of the Federal Reserve System or delegated authority, redeem the whole or, from time to time, any part of the Series A Preferred Stock at a redemption price per share payable in cash in an amount equal to the sum of (i) \$14.25, (ii) all accrued and unpaid dividends on the Series A Preferred Stock to the date fixed for redemption, whether or not earned or declared, and (iii) interest accrued to the date of redemption on all accrued and unpaid dividends on the Series A Preferred Stock, if any.

(b) If the Corporation redeems fewer than all of the outstanding shares of Series A Preferred Stock, it must select the shares to be redeemed by lot or pro rata, in such manner as the Board of Directors may determine to be fair and appropriate. The Board of Directors has full power and authority, subject to the limitations and provisions herein contained, to prescribe the manner in which shares of the Series A Preferred Stock are to be redeemed.

(c) Notice of redemption must be given by first class mail, postage prepaid, mailed not fewer than 30 nor more than 90 days before the redemption date, to each holder of record of shares to be redeemed, at the holder's address as it appears on the stock register of the Corporation. Each notice must state: (i) the redemption date; (ii) the total number of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares held by the holder are to be redeemed, the number of shares to be redeemed from the holder; (iii) the redemption price; (iv) that dividends on the shares to be redeemed will cease to accrue on the redemption date; and (v) that the holder has the right to convert the shares into Common Stock until the close of business on the fifth day preceding the redemption date at the Conversion Price then in effect and the place where certificates for the shares of the Series A Preferred Stock may be surrendered for conversion.

(d) Unless the Corporation fails to pay the redemption price, the right to convert shares of the Series A Preferred Stock called for redemption shall expire at the close of business on the fifth day preceding the date fixed for redemption of such shares, and, from and after

the redemption date, dividends on the shares of Series A Preferred Stock called for redemption shall cease to accrue, and such shares shall no longer be deemed to be outstanding, and all rights of the holders of such shares as shareholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender of the certificates for any shares so redeemed in accordance with the requirements of the notice of redemption (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation so requires and the notice so states), such shares shall be redeemed by the Corporation at the redemption price. If fewer than all the shares represented by any such certificates are redeemed, the Corporation is obligated to issue without cost to the holder a new certificate representing the shares not redeemed.

(e) Any shares of Series A Preferred Stock converted under Subsection (5), or redeemed or otherwise acquired by the Corporation, shall have the status of authorized but unissued shares of Preferred Stock, without designation as to series, preferences, limitations or relative rights until the shares are once more designated as part of a particular series by the Board of Directors of the

(f) The Corporation may, before the redemption date specified in the notice of redemption, deposit in trust for the account of the holders of shares of the Series A Preferred Stock to be redeemed, with a bank or trust company organized under the laws of the United States of America or of the State of Louisiana and having capital, surplus and undivided profits aggregating at least \$20,000,000, designated in the notice of redemption, all funds necessary for the redemption, together with irrevocable written instructions authorizing the bank or trust company, on behalf and at the expense of the Corporation, to have the notice of redemption mailed as provided in Paragraph (c) and to include in the notice of redemption a statement that all funds necessary for the redemption have been so deposited in trust and are immediately available. Immediately upon the mailing of such notice, notwithstanding that any certificate for shares of Series A Preferred Stock so called for redemption has not been surrendered for cancellation, all shares of Series A Preferred Stock with respect to which the deposit has been made shall cease to be outstanding and all rights with respect to such shares of Series A Preferred Stock shall terminate other than the right of the holders thereof to receive from the bank or trust company, at any time after the time of the deposit, the redemption price of the shares so to be redeemed, and the right, if any, to convert the shares into Common Stock until the close of business on the fifth day preceding the redemption date.

(g) If the holder of any shares of the Series A Preferred Stock called for redemption does not, within one year after the redemption date, claim the redemption price thereof, the unclaimed amount shall then escheat and revert in full ownership to the Corporation in accordance with Article VII of these Articles of Incorporation, and if the funds to pay the redemption price have been shall, upon the request of the Corporation expressed in a resolution of its Board of Directors, pay over to the Corporation the unclaimed amount.

(h) Notwithstanding the foregoing provisions of this Subsection (4), so long as any dividends on the Series A Preferred Stock, or interest thereon, are in arrears, the Corporation may not redeem any shares of the Series A Preferred Stock unless all outstanding shares of the Series A Preferred Stock are simultaneously redeemed and may not purchase or otherwise acquire any shares of Series A Preferred Stock. The foregoing shall not, however, prevent the purchase or acquisition of shares of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series A Preferred Stock.

(5) Conversion. The holders of shares of the Series A Preferred Stock have the right, at their option, to convert all or any part of such shares into shares of Common Stock of the Corporation at any time before the close of business on the fifth day preceding the date, if any, fixed for redemption of those shares, subject to the following terms



and conditions:

(a) The shares of Series A Preferred Stock shall be convertible into shares of Common Stock at the Conversion Rate of one share of Common Stock for each share of Series A Preferred Stock converted. Such Conversion Rate shall be subject to adjustment from time to time as provided in Paragraph (e). The Corporation shall pay all accrued but unpaid dividends, and interest thereon, on any shares of Series A Preferred Stock surrendered for conversion. If any shares of Series A Preferred Stock are called for redemption, the right of conversion shall expire as to the shares designated for redemption at the close of business on the fifth day immediately preceding the date fixed for redemption, unless default is made in the payment of the

(b) To convert any shares of Series A Preferred Stock into Common Stock, the holder must surrender the certificate or certificates therefor, duly endorsed to the Corporation or in blank, at the principal office of the Corporation or at such other place or places as the Board of Directors may designate and must give written notice to the Corporation at that office or place that the holder elects to convert all or a part of such shares, setting forth the name or names (with the address or addresses) in which the shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, cause to be issued and delivered at that office or place to the holder, or the holder's designee or designees, a certificate or certificates for the number of whole shares of Common Stock to which such holder is entitled, together with a certificate or certificates representing any shares of Series A Preferred Stock which are not to be converted but constitute part of the shares of Series A Preferred Stock represented by the certificate or certificates surrendered and cash in lieu of the issuance of a fractional share. A conversion shall be effective as of the close of business on the date of the due surrender of the certificates for the shares to be converted, and the rights of the holder of such shares shall, to the extent of such conversion, cease at such time, and the person or persons entitled to receive shares of the Common Stock upon conversion of such shares of Series A Preferred Stock shall be treated for all purposes as having become the record holder or holders of the Common Stock at that time.

(c) No fractional shares of Common Stock shall be issued on conversion. If any fractional interest in a share of Common Stock would, except for the provisions of this Paragraph (c), be deliverable upon conversion hereunder, the Corporation, in lieu of such fractional share shall pay cash to the converting shareholder in an amount equal to the product derived by multiplying such fraction of a on the day next preceding the date of conversion.

(d) In the case of any shares of Series A Preferred Stock converted after any record date for payment of a dividend on the Series A Preferred Stock but on or before the date for payment of the dividend, the dividend declared and payable on the dividend payment date shall continue to be payable on the dividend payment date to the holder of record of the shares as of such preceding record date notwithstanding their conversion. Shares of the Series A Preferred Stock surrendered for conversion during the period from the close of business on any such record date to the opening of business on the dividend payment date shall be accompanied by payment in full of an amount equal to the dividend payable on the dividend payment date on the shares of the Series A Preferred Stock surrendered for conversion. Except as provided in this Paragraph, no payment or adjustment shall be made upon any conversion on account of any dividends on shares of the Series A Preferred Stock surrendered for conversion or on account of any dividends on the shares of Common Stock issued upon conversion.

(e) The Conversion Rate shall be adjusted from time to time as follows:

(i) If the Corporation at any time (A) pays a dividend or makes a distribution to all holders of its Common Stock in shares of its Common Stock, (B) subdivides its outstanding shares of Common Stock into a larger number of shares of Common Stock, or (C) combines its outstanding shares of Common Stock into a

smaller number of shares of Common Stock, then in each such case the Conversion Rate in effect immediately before that event shall be proportionately decreased or increased, as the case may be, so that the holder of any shares of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive holder would have owned or been entitled to receive immediately following such event if those shares of Series A Preferred Stock had been converted into Common Stock immediately before that event. An adjustment made under this Subparagraph (i) becomes effective immediately after the payment date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision or combination. No adjustment in the Conversion Rate shall be made if, at the same time the Corporation issues shares of Common Stock as a dividend or distribution on the outstanding shares of Common Stock which, as provided in this Subparagraph (i), would otherwise call for an adjustment in the Conversion Rate, the Corporation issues shares of Common Stock as a dividend or distribution on the outstanding shares of Series A Preferred Stock equivalent to the number of shares distributable on the shares of Common Stock into which the shares of Series A Preferred Stock is then convertible.

(ii) No adjustment in the Conversion Rate shall be required unless the adjustment would require an increase or decrease in the Conversion Rate by more than one percent, but any adjustments not required to be made by reason of this Subparagraph shall be carried forward cumulatively and taken into account in any subsequent adjustments. All calculations under this Paragraph (e) shall be made to the nearest one-tenth of one percent.

(iii) In case of any reclassification of the Common Stock (other than a subdivision or combination of outstanding shares of Common Stock for which adjustment is provided in Subparagraph (i) above), or a consolidation or merger of the Corporation with or into any other corporation (other than a consolidation or a merger in which the Corporation is the continuing Corporation's Common Stock are not changed into or exchanged for stock or other securities of any other person or cash or any other property as a result of or in connection with such consolidation or merger) or a sale of the properties and assets of the Corporation as, or substantially as, an entirety to any other business organization, or a statutory share exchange in which all shares of Common Stock or any series or class of Common Stock are exchanged for shares of another corporation or other entity, each share of Series A Preferred Stock shall, after such reclassification, consolidation, merger, sale or exchange and upon the terms and conditions specified in this Subsection (5), be convertible into or represent the right to receive the number of shares of stock or other securities or property (including cash) to which the shares of Common Stock deliverable (at the time of such reclassification, consolidation, merger, sale or exchange) upon conversion thereof would have been entitled upon such reclassification, consolidation, merger, sale or exchange, if the conversion of the Series A Preferred Stock into Common Stock had taken place immediately before that event; and in any case, if necessary, the provisions set forth in this Subparagraph (iii) with respect to the rights and interests thereafter of the holders of the shares of Series A Preferred Stock shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to any shares of stock or other securities or property (including cash) thereafter deliverable upon conversion of shares of Series A Preferred Stock.

(iv) Whenever the Conversion Rate is adjusted as provided in this Paragraph (e):

(A) The Corporation shall compute the adjusted Conversion Rate in accordance with this Paragraph (e) and shall prepare a certificate signed by the setting forth the adjusted Conversion Rate and showing in reasonable detail the facts upon which such adjustment is based, and the certificate shall

promptly be filed with the transfer agent for the Series A Preferred Stock, but such transfer agent shall have no duty with respect to any such certificate filed with it except to keep the same on file and available for inspection during reasonable hours; and

(B) The Corporation shall cause to be mailed to each holder of shares of Series A Preferred Stock at his then registered address by first-class mail, postage prepaid, a notice stating that the Conversion Rate has been adjusted and setting forth the adjusted Conversion Rate.

(v) Without limiting the obligation of the Corporation to give the notices provided in Subparagraph (iv), the failure of the Corporation to give such notice shall not invalidate any corporate action by the Corporation.

(f) The Corporation shall at all times reserve and keep available, free from preemptive rights for the purpose of effecting the conversion of the shares of Series A Preferred Stock, the full number of shares of Common Stock then deliverable upon the conversion of all shares of Series A Preferred Stock then outstanding.

(g) The Corporation is not obligated to pay any tax payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and the Corporation is not obligated to make any such issue or delivery unless and until the person requesting such issue has paid to the Corporation the amount of any such tax, or has such tax has been paid.

(h) In the event that:

(i) the Corporation declares a dividend or any other distribution on its Common Stock, payable otherwise than in cash out of surplus; or

(ii) the Corporation grants to all the holders of its Common Stock rights to subscribe for or purchase any shares of capital stock of any class or any other rights; or

(iii) any reclassification, consolidation, merger, sale or exchange of the type described in Subparagraph (iii) of Paragraph (e) occurs; or

(iv) the voluntary or involuntary dissolution, exchange, liquidation or winding up of the Corporation occurs;

the Corporation shall cause to be mailed to the holders of record of the Series A Preferred Stock at least 20 days before the applicable date hereinafter specified a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, exchange, dissolution, liquidation or winding up is expected to take place, and the date, if any is to be fixed, as of which holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, exchange, dissolution, liquidation or winding up. Failure to give such notice, or any defect dividend, distribution, reclassification, consolidation, merger, sale, exchange, dissolution, liquidation or winding up.

(6) Voting.

(a) Except as otherwise expressly required by applicable law or by the terms of this Section E, the holders of shares of the Series A Preferred Stock are not entitled to any vote on any matter, including but not limited to any merger, consolidation or transfer of assets, or statutory share exchange, and to no notice of any meeting of shareholders of

the Corporation.

(b) Except as otherwise provided herein, whenever the vote, approval or other action of holders of shares of the Series A Preferred Stock is required or permitted by applicable law or by the terms of this Section E, each share is entitled to one vote and the affirmative vote of a majority of shares of Series A Preferred Stock present or represented at the meeting at which a quorum is present is sufficient to constitute such vote, approval or other action.

(c) If, at any time, the Corporation falls in arrears in the payment of dividends on the Series A Preferred Stock for two consecutive quarterly dividend periods, the number of directors constituting the full board of directors of the Corporation shall be automatically increased by two and the holders of Series A Preferred Stock, voting separately as a single class, shall be entitled to elect two directors of the Corporation to fill the two newly created directorships, at a special meeting called for that purpose in accordance with Paragraph (f) and thereafter at each meeting of the shareholders held for the purpose of electing directors, so long as there continues to be any arrearage in the payment of dividends on the Series A Preferred Stock for any past quarterly dividend period or of interest on such accumulated and unpaid dividends.

A Preferred Stock for all past quarterly dividend periods, and interest thereon, have been paid in full, the right of the holders of Series A Preferred Stock to elect directors shall cease (subject to re-vesting from time to time as provided in Paragraph (c)), the number of directors of the Corporation shall be automatically reduced by two and the term of office of all directors elected by the holders of the Series A Preferred Stock shall immediately terminate.

(e) A director elected by the holders of Series A Preferred Stock shall hold office until the annual meeting next succeeding his election or until his successor, if any, is elected by such holders. A director so elected may be removed at any time with or without cause but only by the vote of holders of the Series A Preferred Stock at a meeting duly called for that purpose. So long as the holders of the Series A Preferred Stock have the right to elect two directors, any vacancy in the office of a director elected by those holders may be filled by the remaining director so elected or by the vote of the holders of Series A Preferred Stock at any annual meeting or any special meeting called for the purpose.

(f) At any time when the power to elect directors vests in the holders of the Series A Preferred Stock, a proper officer of the Corporation shall, on the written request of record holders of at least 20 percent of the number of shares of Series A Preferred Stock then outstanding, addressed to the secretary of the Corporation at its principal office, call a special meeting of the holders of the Series A Preferred Stock for the purpose of electing directors. The meeting must be held at the earliest practicable date, not later than 45 days after receipt of the written request (subject to compliance with applicable proxy rules and rules of the American Stock Exchange), in the city in which the last preceding annual meeting of the shareholders of the Corporation was held, but may be held at the time and place of the annual meeting if the annual elect directors first vests in the holders of the Series A Preferred Stock. If the proper officer of the Corporation does not call the meeting within the required time, then the holders of record of 20 percent of the number of shares of Series A Preferred Stock then outstanding may, by written notice to the secretary of the Corporation at its principal office, designate any person to call such meeting, and the person so designated may call such meeting in the city above provided upon not fewer than 30 nor more than 45 days notice and for that purpose shall have access to the stock books of the Corporation. At any meeting so called for the election of directors by holders of the Series A Preferred Stock or at any annual meeting held while the holders of Series A Preferred Stock have the right to elect directors, holders of a majority of the shares of Series A Preferred Stock then outstanding is sufficient to constitute a quorum for the purpose of electing directors at such a meeting. If at any such meeting a quorum of the Series A Preferred Stock is not present, the election of directors shall not take place, and the meeting shall be adjourned from time to time for periods not exceeding 30 days until a quorum is obtained.

(g) Approval of the holders of the Series A Preferred Stock, voting separately as a single class by a favorable vote of at least two-thirds of the number of shares of Series A Preferred Stock then outstanding, is required to adopt any proposed amendment to these Articles of Incorporation (including but not limited to any amendment adopted by resolution of the Board of Directors pursuant to Article III of these Articles of Incorporation) if the proposed amendment would affect shares of the Series A Preferred Stock in any one or more of the following ways:

(i) Create or authorize any class or series of stock ranking senior to or on a parity with the Series A Preferred Stock in respect of dividends or distribution of assets on liquidation or otherwise alter or abolish the liquidation preferences or any other preferential right of

(ii) Reduce the redemption price or otherwise alter or abolish any right with respect to redemption of the Series A Preferred Stock expressly provided by this Section E.

(iii) Alter or abolish any right of such shares expressly provided by this Section E to receive dividends or interest thereon except as such right may be affected by dividend rights of new shares being authorized of another class or series of shares ranking on a parity with or junior to the Series A Preferred Stock.

(iv) Alter or abolish any right of holders of shares of the Series A Preferred Stock under this Section E to convert such shares into shares of Common Stock.

(v) Exclude, change or limit any voting rights of the Series A Preferred Stock conferred by this Section E.

(h) Approval of the holders of the Series A Preferred Stock, voting separately as a single class by a favorable vote of at least two-thirds of the number of shares of Series A Preferred Stock then outstanding, is required to adopt any merger, consolidation, statutory share exchange or sale of all, or substantially all, of the assets of the Corporation or any of its banking subsidiaries unless either (i) the holders of the Series A Preferred Stock will receive in exchange for the Series A Preferred Stock a security with terms substantially identical to the terms of the Series A Preferred Stock, or (ii) provision is made for the complete redemption in cash of the Series A Preferred Stock on the date of consummation of such transaction and the Series A Preferred Stock may be redeemed at such time under these Articles of Incorporation.

(7) Liquidation Rights.

(a) Upon the dissolution, liquidation or winding up of the Stock shall be entitled to receive upon liquidation and to be paid out of the assets of the Corporation available for distribution to its shareholders, before any payment or distribution may be made on the Common Stock or on any other Junior Securities, the amount of \$14.25 per share, plus a sum equal to all accrued and unpaid dividends (whether or not earned or declared) on such shares, and accrued interest thereon, if any, to the date of final distribution.

(b) Neither the sale of all or substantially all the property or business of the Corporation, nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Subsection (7).

(c) Upon payment to the holders of the shares of Series A Preferred Stock of the full preferential amounts provided for in this Subsection (7), the holders of Series A Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation.

(d) If the assets of the Corporation available for distribution to the holders of shares of Series A Preferred Stock upon any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, are insufficient to pay in full all amounts to which such holders are entitled under Paragraph (a) of this Subsection (7), no such distribution may be made on account of any

shares of any other class or series of Preferred Stock ranking on a parity with the shares of Series A Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts are paid on account of the shares of Series A Preferred Stock, ratably, in proportion to the full distributable amounts for which holders of all such parity shares are respectively entitled upon dissolution, liquidation or winding up.

class or classes of the Corporation shall be deemed to rank:

(a) prior to the shares of Series A Preferred Stock, either as to dividends or upon liquidation, if the holders of such class or classes are entitled under these Articles of Incorporation to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of Series A Preferred Stock;

(b) on a parity with shares of Series A Preferred Stock, either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share or sinking fund provisions, if any, are different from those of Series A Preferred Stock, if the holders of such class or classes are entitled under these Articles of Incorporation to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in proportion to their respective liquidation preferences, without preference or priority, one over the other, as between the holders of such class or classes and the holders of shares of Series A Preferred Stock; and

(c) junior to shares of Series A Preferred Stock, either as to dividends or upon liquidation, if such class or classes are Common Stock or if the holders of shares of Series A Preferred Stock are entitled under these Articles of Incorporation to the receipt of dividends or of amounts distributable upon dissolution, liquidation or winding up of the Corporation, as the case may be, in preference or priority to the holders of shares of such class or classes.

(9) No Preemptive Rights. Holders of shares of Series A Preferred Stock have no preemptive rights.

3. Except as amended by these Articles of Amendment, the force and effect.

IN WITNESS WHEREOF, the undersigned President and Secretary have executed these Articles of Amendment on \_\_\_\_\_, 1995 at Lafayette, Louisiana.

MidSouth Bancorp, Inc.

By:  
C. R. Cloutier, President

By:  
Karen L. Hail, Secretary

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF LAFAYETTE

BEFORE ME, the undersigned authority personally came and appeared C. R. Cloutier and Karen L. Hail to me known to be the persons who signed the foregoing instrument as President and Secretary, respectively, of MidSouth Bancorp, Inc. and who, having been duly sworn, acknowledged and declared, in the presence of the witnesses whose names are subscribed below, that they signed that instrument as their free act and deed for the purposes mentioned therein.

IN WITNESS WHEREOF, the appearers and witnesses and I have signed below on this \_\_\_\_\_ day of \_\_\_\_\_, 1995.

WITNESSES:

\_\_\_\_\_  
C. R. Cloutier, President

\_\_\_\_\_  
Karen L. Hail, Secretary

\_\_\_\_\_  
NOTARY PUBLIC

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers

Section 83 of the Louisiana Business Corporation Law ("LBCL") permits a corporation to indemnify its directors and officers against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any action, suit or proceeding to which he is or was a party or is threatened to be made a party (including any action by or in the right of the corporation) if such action arises out of the fact that he is or was a director, officer, employee or agent of the corporation and he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The indemnification provisions of Section 83 are not exclusive, but no corporation may indemnify any person for willful or intentional misconduct. A corporation has the power to obtain and maintain insurance, or to create a form of self-insurance on behalf of any person who is or was acting for the corporation, regardless of whether the corporation has the legal authority to indemnify the insured person against such liability.

Section 10 of MidSouth's by-laws provides for mandatory indemnification for current and former directors and officers except to the extent that the director or officer fails to meet the Standard of Conduct, as defined in the bylaws. MidSouth's Articles of Incorporation permit MidSouth to enter into contracts with its directors and officers providing for indemnification to the fullest extent permitted by law, but no such contracts have been entered into.

Item 21. Exhibits and Financial Statement Schedules

(a) Exhibits

The following Exhibits are filed as part of this Registration Statement:

Exhibit No. Description

- 2.1 Agreement and Plan of Merger\*
- 2.2 Resolutions of MidSouth and MidSouth Bank waiving the provisions in Section 7.1(C) of the Plan and extending the deadline for consummation of the Mergers.

AJC\001S-4\103

Exhibit No. Description

- 2.3 Resolutions of Sugarland and the Bank waiving the provisions in Section 7.1(C) of the Plan and extending the deadline for consummation of the Mergers.
- 3.1 Amended and Restated Articles of Incorporation of MidSouth Bancorp, Inc. are included as Exhibit 3.1 to MidSouth's Annual Report on Form 10-K for the Year

Ended December 31, 1993, Commission File No. 1-11826, received March 31, 1994, and is incorporated herein by reference.

- 3.2 Amended and Restated By-laws of MidSouth Bancorp, Inc. and amendment thereto adopted by the Board of Directors of MidSouth on April 12, 1995.
- 4.1 MidSouth agrees to furnish to the Commission on request a copy of the instruments defining the rights of the holder of its long-term debt, which debt does not exceed 10% of the total consolidated assets of MidSouth.
- 4.2 Form of Amendment to Articles of Incorporation Defining Rights of Holders of MidSouth Cumulative, Convertible Preferred Stock, Series A, included in Exhibit 2.1.
- 5 Opinion of Correro, Fishman & Casteix, L.L.P.\*
- 8 Opinion of Deloitte & Touche LLP independent public accountants as to certain tax matters.
- 10.1 MidSouth National Bank Lease Agreement with Southwest Bank Building Limited Partnership is included as Exhibit 10.7 to MidSouth's Annual Report on Form 10-K for the Year Ended December 31, 1992, Commission File No. 1-11826, received March 30, 1993, and is incorporated herein by reference.
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- 10.3 Amended and Restated Deferred Compensation Plan and Trust is included as Exhibit 10.3 to MidSouth's Annual Report on Form 10-K for the year ended December 31, 1992, Commission File No. 1-11826, received March 30, 1993, and is incorporated herein by reference.

Exhibit No. Description

- 10.4 Employment Agreements with C. R. Cloutier and Karen L. Hail are included as Exhibit 5(c) to MidSouth's Form 1-A filed September 27, 1991, Commission File No. 24-1813-FW, received September 27, 1991, and are incorporated herein by reference.
- 13.1 MidSouth's Annual Report to Shareholders for the Year Ended December 31, 1994.
- 13.2 MidSouth's Quarterly Report to Shareholders for the Quarter Ended March 31, 1995 is included in MidSouth's Quarterly Report on Form 10-QSB for the Quarter Ended March 31, 1995, Commission File No. 1-11826, received May 15, 1995, and is incorporated herein by reference.
- 23.1 Consent of Deloitte & Touche LLP.
- 23.2 Consent of Mixon, Roy, Metz & Mixon.
- 23.3 Consent of Correro, Fishman & Casteix, L.L.P., included in Exhibit 5.\*
- 23.4 Consent of Chaffe & Associates, Inc.\*
- 24 Powers of Attorney of Directors of MidSouth Bancorp, Inc.\*
- 99.1 Form of Proxy of Sugarland Bancshares, Inc.
- 99.2 Form of Proxy of MidSouth Bancshares, Inc.

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\*Previously filed.



(b) Financial Statement Schedules

None

Item 22. Undertakings

The undersigned Registrant hereby undertakes as follows:

(1) To file, during any period in which it offers or sells securities, a post-effective amendment to this Registration Statement to (i) include any prospectus required by Section 10(a)(3) of the Securities Act; (ii) reflect in the prospectus any acts or events which, together or individually, represent a fundamental change in the information in the Registration Statement; and (iii) include any additional or changed material information on the Plan.

(2) For determining liability under the Securities Act, to treat each post-effective amendment as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bonafide offering.

(3) To file a post-effective amendment to remove from registration any of the securities that remain unsold at the end of the offering.

(4) To respond to requests for information that is incorporated by reference into the Prospectus pursuant to Items 4, 10(b), 11 or 13 of Form S-4 within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.

(5) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the Registration Statement when it became effective.

(6) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this Registration Statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the Registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

(7) That every prospectus (i) that is filed pursuant to paragraph (3) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act of 1933 and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the Registration Statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(8) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in response to Item 20 of this Registration Statement, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether

such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lafayette, State of Louisiana, on the 31st day of May, 1995.

MIDSOUTH BANCORP, INC.

BY: \_\_\_\_\_  
C. R. CLOUTIER  
President, Chief Executive  
Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>  
<CAPTION>

Signature <S>	Title <C>	Date <C>
C.R. Cloutier	President, Chief Executive Officer and Director	May 31, 1995
/s/ J. B. Hargroder* J. B. Hargroder	Director	May 31, 1995
/s/ Milton B. Kidd, Jr.* Milton B. Kidd, Jr.	Director	May 31, 1995
/s/ William M. Simmons* William M. Simmons	Director	May 31, 1995
/s/ James R. Davis* James R. Davis	Director	May 31, 1995
/s/ Robert B. Keaty* Robert B. Keaty	Director	May 31, 1995
/s/ Clayton P. Hilliard* Clayton P. Hilliard	Director	May 31, 1995
/s/ Will G. Charbonnet, Sr.* Will G. Charbonnet, Sr.	Director	May 31, 1995
Karen L. Hail	Chief Financial Officer and Director	May 31, 1995
Teri S. Stelly	Controller	May 31, 1995

\*By:  
C.R. Cloutier, Attorney-in-Fact

Date: May 31, 1995

</TABLE>

EXHIBIT INDEX

- 2.1 Agreement and Plan of Merger.\*
- 2.2 Resolutions of MidSouth and MidSouth Bank waiving the provisions in Section 7.1(C) of the Plan and extending the deadline for consummation of the Mergers
- 2.3 Resolutions of Sugarland and the Bank waiving the provisions in Section 7.1(C) of the Plan and extending the deadline for consummation of the Mergers.
- 3.1 Amended and Restated Articles of Incorporation of MidSouth Bancorp, Inc. are included as Exhibit 3.1

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- 99.1 Form of Proxy of Sugarland Bancshares, Inc.
- 99.2 Form of Proxy of MidSouth Bancorp, Inc.

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\*Previously filed



MidSouth National Bank  
P. O. Box 3745 Lafayette, La. 70502

May 25, 1995

I HEREBY CERTIFY that I am the duly elected and qualified Secretary of MIDSOUTH NATIONAL BANK and the keeper of the records and corporate seal of said Corporation; that the following is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors thereof held in accordance with its By-laws at its offices at 102 Versailles, Lafayette, Louisiana, on the 17th day of May 1995 and that the same is now in full force.

COPY OF RESOLUTION

RESOLVED, that pursuant to Section 9.2 of the Agreement and Plan of Merger dated December 28, 1994, between MidSouth Bancorp, Inc. and MidSouth National Bank on the one hand, and Sugarland Bancshares, Inc. and Sugarland State Bank, on the other (the "Plan"), the Board of Directors hereby expressly waives the right of termination date set forth in Section 7.1(c) of the Plan to the extent and only to the extent, that the right of termination provided therein will not be available unless the Merger, as defined in the Plan, does not occur on or before July 31, 1995.

/s/ Karen L. Hail

05 - 25 - 95  
Date

\_\_\_\_\_  
Karen L. Hail, Secretary

MidSouth Bancorp, Inc.

May 25, 1995

I HEREBY CERTIFY that I am the duly elected and qualified Secretary of MIDSOUTH BANCORP, INC. and the keeper of the records and corporate seal of said Corporation; that the following is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors thereof held in accordance with its By-Laws at its offices at 102 Versailles, Lafayette, Louisiana, on

the 17th day of May 1995 and that the same is now in full force.

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Karen L. Hail, Secretary

May 26, 1995

I HEREBY CERTIFY that I am the duly elected and qualified Secretary of Sugarland State Bank and the keeper of the records and corporate seal of said Corporation; that the following is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors thereof held in accordance with its By-Laws at its offices at 1527 Main St., Jeanerette, Louisiana, on the 10th day of May 1995 and that the same is now in full force.

COPY OF RESOLUTION

RESOLVED, that pursuant to Section 9.2 of the Agreement and Plan of Merger dated December 28, 1994, between MidSouth Bancorp, Inc. and MidSouth National Bank on the one hand, and Sugarland Bancshares, Inc. and Sugarland State Bank, on the other (the "Plan"), the Board of Directors hereby expressly waives the right of termination date set forth in Section 7.1(c) of the Plan to the extent and only to the extent, that the right of termination provided therein will not be available unless the Merger, as defined in the Plan, does not occur on or before July 31, 1995.

/s/ Ronald R. Hebert, Sr.

May 26, 1995

Date

\_\_\_\_\_  
Ronald R. Hebert, Sr.,  
Secretary

SUGARLAND STATE BANK  
Jeanerette, Louisiana

May 26, 1995

I HEREBY CERTIFY that I am the duly elected and qualified Secretary of Sugarland Bancshares, Inc. and the keeper of the records and corporate seal of said Corporation; that the following is a true and correct copy of a resolution duly adopted

at a meeting of the Board of Directors hereof held in accordance with its By-Laws at its offices at 1527 Main St., Jeanerette, Louisiana, on the 10th day of May 1995 and that the same is now in full force.

COPY OF RESOLUTION

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May 26, 1995

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ronald R. Hebert, Sr.,  
Secretary



AMENDED AND RESTATED BY-LAWS  
OF MIDSOUTH BANCORP, INC.

April 7, 1993

SECTION 1

OFFICES

1.1 Principal Office. The principal office of the Corporation shall be located at 102 Versailles Boulevard, Lafayette, Louisiana 70501.

1.2 Additional Offices. The Corporation may have offices at such other places as the Board of Directors may from time to time determine or the business of the Corporation may require.

SECTION 2

SHAREHOLDERS' MEETINGS

2.1 Place of Meetings. Unless otherwise required by law or the Articles of Incorporation, all meetings of the shareholders shall be held at the principal office of the Corporation or at such other place, within or without the State of Louisiana, as may be designated by the Board of Directors.

2.2 Annual Meetings. An annual meeting of the shareholders shall be held each year on the date and at the time as the Board of Directors shall designate, for the purpose of electing directors and for the transaction of such other business as may be properly brought before the meeting. If no annual shareholders' meeting is held for a period of eighteen months, any shareholder may call such meeting to be held at the registered office of the Corporation.

2.3 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, may be called at any time by a majority of Continuing Directors, as defined in the Articles of Incorporation, the Chairman of the Board, if the Chairman of the Board is a Continuing Director, or the President if the selection of the President was approved by at least a majority of the Continuing Directors. Special meetings of the shareholders may be called by the shareholders only in the manner set forth in Article VI of the Articles of Incorporation.

2.4 Notice of Meetings. Except as otherwise provided by law or the Articles of Incorporation, the authorized person or

persons calling a shareholders' meeting shall cause written notice of the time, place and purpose of the meeting to be given to all shareholders entitled to vote at such meeting, at least 10 days and not more than 60 days prior to the day fixed for the meeting. Notice of the annual meeting need not state the purpose or purposes thereof, unless action is to be taken at the meeting as to which notice is required by law, the Articles of Incorporation or the By-laws. Notice of a special meeting shall state the purpose or purposes thereof, and the business conducted at any special meeting shall be limited to the purpose or purposes stated in the notice.

2.5 List of Shareholders. At every meeting of shareholders, a list of shareholders entitled to vote, arranged alphabetically and certified by the Secretary or by the agent of the Corporation having charge of transfers of shares, showing the number and class of shares held by each such shareholder on the record date for the meeting, shall be produced on the request of any shareholder.

2.6 Quorum. At all meetings of shareholders, the holders of a majority of the Total Voting Power (as defined in Article III(D) of the Articles of Incorporation) shall constitute a quorum. For purposes of determining whether a meeting has been duly organized, a shareholder deemed present for any purpose at the meeting shall be deemed present for purposes of determining whether the meeting is duly organized.

2.7 Voting. When any shareholders' meeting has been duly organized, directors shall be elected by plurality vote, and each question brought before the meeting shall be decided by the vote specified in Article IX Paragraphs A and B of the Articles of Incorporation.

If a plurality vote or the affirmative vote of a majority of the votes cast is required to constitute shareholder action, abstentions shall be counted as votes not cast. If the affirmative vote of a portion of the voting power present is required to constitute shareholder action, broker non-votes shall be counted as not present and not cast.

2.8 Proxies. At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person or by proxy. A proxy must be appointed by an instrument in writing executed by such shareholder and bearing a date not more than eleven months prior to the meeting, unless the instrument provides for a longer period of validity, but in no case shall an outstanding proxy be valid for longer than three years from the date of its execution. In no event, however, may a proxy be voted at a meeting called pursuant to La. R.S. 12:138 unless it is executed and dated by the shareholder within 30 days

of the date of such meeting. The person appointed as proxy need not be a shareholder of the Corporation. A proxy must be filed with the Secretary of the Corporation at or before the meeting. The revocation of a revocable proxy shall not be effective until written notice thereof has been given to the Secretary of the Corporation or unless a proxy of a later date is filed with the Secretary of the Corporation at or before the meeting. A shareholder present in person at the meeting who votes in person at the meeting in a manner inconsistent with a proxy filed on the shareholder's behalf shall be deemed to have revoked such proxy as it relates to the matter voted upon in person.

2.9 Adjournments. Adjournments of any annual or special meeting of shareholders may be taken without new notice being given unless a new record date is fixed for the adjourned meeting, but any meeting at which directors are to be elected shall be adjourned only from day to day until such directors shall have been elected.

2.10 Withdrawal. If a quorum is present or represented at a duly organized shareholders' meeting, such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum as fixed in Section 2.6 of these By-laws, or the refusal to vote or abstention of any shareholder.

2.11 Lack of Quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine, subject, however, to the provisions of Section 2.9 hereof. In the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in Section 2.6 hereof, shall nevertheless be deemed to constitute a quorum for the purpose of electing directors.

2.12 Presiding Officer, Secretary of the Meeting and Judges of Election. The Chairman of the Board if a Continuing Director or, in his or her absence, the President, if at least a majority of Continuing Directors has approved the selection of the President, or, in their absence, a chairman designated by the Continuing Directors (defined in Article IV Paragraph C of the Articles of Incorporation), shall preside at all shareholders' meetings. The presiding officer shall determine the order of business and the procedure at any shareholders' meeting, including such regulation of the manner of voting and the conduct of discussion as he or she deems appropriate. The Secretary of the Corporation or, in his or her absence, a secretary designated by the presiding officer, shall be the secretary for shareholders' meetings. The Judges of Election for each shareholders' meeting shall be appointed by the Continuing Directors. All questions related to

the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the Judges of Election.

### SECTION 3

#### DIRECTORS

3.1 Number. All of the corporate powers shall be vested in, and the business and affairs of the Corporation shall be managed by, a Board of Directors. Except as otherwise fixed by or pursuant to Article III of the Articles of Incorporation (as it may be duly amended from time to time) relating to the rights of the holders of Preferred Stock to elect additional directors by class vote, the Board of Directors shall consist of nine natural persons. If, after proxy materials for any meeting of shareholders at which directors are to be elected are mailed to shareholders, any person or persons named therein to be nominated at the direction of the Board of Directors becomes unable or unwilling to serve, the foregoing number of authorized directors shall be automatically reduced by a number equal to the number of such persons unless the Board of Directors selects an additional nominee or nominees to replace such persons. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. No director need be a shareholder.

3.2 Powers. The Board may exercise all such powers of the Corporation and do all such lawful acts and things which are not by law, the Articles of Incorporation or these By-laws directed or required to be done by the shareholders.

3.3 Classes. The Board of Directors shall be divided into classes in the manner described in Article IV(B) of the Articles of Incorporation.

3.4 Nominations. Only persons nominated in accordance with Article IV(H) of the Articles of Incorporation shall be eligible for election as directors.

3.5 Vacancies. The office of a director shall become vacant only if he or she dies, is interdicted, resigns or is removed from office as provided in Article IV(D) of the Articles of Incorporation.

3.6 Filling Vacancies. Any vacancy on the Board shall be filled only as provided in Article IV(D) of the Articles of Incorporation.

3.7 Removal. Any director may be removed only in the manner

provided in Article IV(E) of the Articles of Incorporation.

3.8 Directors Elected by Preferred Shareholders. Notwithstanding anything in these By-laws to the contrary, whenever the holders of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provisions of the Articles of Incorporation (as they may be duly amended from time to time) fixing the rights and preferences of such preferred stock shall govern with respect to the nomination, election, term, removal, vacancies or other related matters with respect to such directors.

3.9 Compensation of Directors. Directors shall receive such compensation for their services, in their capacity as directors, as may be fixed by resolution of the Board of Directors; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

3.10 Chairman of the Board. The Board shall select and have the power to remove a Chairman who shall preside at all meetings of the Board of Directors and shall perform such other duties as the Board shall authorize.

#### SECTION 4

##### MEETINGS OF THE BOARD

4.1 Place of Meetings. The meetings of the Board of Directors may be held at such place within or without the State of Louisiana as a majority of the directors may from time to time appoint.

4.2 Initial Meetings; Notice. The first meeting of each newly-elected Board shall be held immediately following the shareholders' meeting at which the Board, or any class thereof, is elected and at the same place as such meeting, and no notice of such first meeting shall be necessary in order legally to constitute the meeting.

4.3 Regular Meetings; Notice. Regular meetings of the Board may be held at such times as the Board may from time to time determine. If regular meeting dates are fixed by the Board at a directors' meeting, the Secretary shall give each director written notice of such dates by placing such notice in the United States mail, postage prepaid, addressed to the director at his or her address appearing on the Corporation's records. The notice shall be deemed given when so mailed at least five business days prior to the first meeting date. No other notice of regular meetings shall be required.

4.4 Special Meetings; Notice. Special meetings of the Board may be called by the Chairman of the Board if the Chairman of the Board is a Continuing Director, or the President, if the selection of the President was approved by at least a majority of the Continuing Directors, on 24 hours' notice given to each director, either personally or by telephone, telex, telecopy or any other comparable form of facsimile communication. Notice of special meetings of the Board shall also be deemed to have been given when delivered to a third party company or governmental entity providing delivery services in the ordinary course of business, that guaranteed delivery of the notice to the director at his or her address as it appears on the Corporation's records no later than 24 hours before the special meeting. Special meetings shall be called by the Secretary in like manner and on like notice on the written request of a majority of all of the Continuing Directors, and if such officer fails or refuses, or is unable within 24 hours, to call a meeting when requested, then the directors making the request may call the meeting on 48 hours' notice given to each director in the manner described above. The notice of a special meeting of directors need not state its purpose or purposes, but if the notice states a purpose or purposes, the business to be conducted at the special meeting shall be limited to the purpose or purposes stated in the notice.

4.5 Quorum and Vote. A majority of all of the directors shall be necessary to constitute a quorum for the transaction of business. Except as otherwise provided by law, the Articles of Incorporation or these By-laws, the acts of a majority of the directors present at a duly-organized meeting shall be the acts of the Board. If a quorum is not present at any meeting of the Board of Directors, the directors present may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present.

4.6 Withdrawal. If a quorum is present when the meeting convened, the directors present may continue to do business, until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum as fixed in Section 4.5 hereof or the refusal of any director present to vote.

4.7 Action by Written Consent. Any action that may be taken at a meeting of the Board, or any committee thereof, may be taken by a consent in writing, signed by all of the directors or by all members of the committee, as the case may be, and filed with the records of proceedings of the Board or committee.

4.8 Meetings by Telephone or Similar Communication. Members of the Board may participate at and be present at any meeting of the Board or any committee thereof by means of conference telephone or similar communications equipment if all persons

participating in such meeting can hear and communicate with each other.

## SECTION 5

### COMMITTEES OF THE BOARD

5.1 General. The Board may designate one or more committees, each committee to consist of two or more of the directors of the Corporation (and one or more directors may be named as alternate members to replace any absent or disqualified regular members). As long as there are at least two Continuing Directors, a majority of any committee shall consist of Continuing Directors. To the extent provided by resolution of the Board or these By-laws, each committee shall have and may exercise the powers of the Board in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to documents. Such committee or committees shall have such name or names as may be stated in these By-laws, or as may be determined, from time to time, by the Board. Any vacancy occurring in any such committee shall be filled by the Board, but the President may designate another director to serve on the committee pending action by the Board. Each member of a committee shall hold office during the term designated by the Board.

5.2 Continuing Directors' Committee. The Continuing Directors' Committee, the members of which shall be all Continuing Directors, shall have the power to act on any matter requiring approval or authorization of Continuing Directors.

## SECTION 6

### NOTICES

6.1 Form of Delivery. Whenever under the provisions of law, the Articles of Incorporation or these By-laws notice is required to be given to any shareholder or director, it shall not be construed to mean personal notice unless otherwise specifically provided by law, the Articles of Incorporation or these By-laws, but such notice may be given by mail, addressed to such shareholder or director at his or her address as it appears on the records of the Corporation, with postage thereon prepaid. Notices given by mail shall be deemed to have been given at the time they are deposited in the United States mail. Notwithstanding this Section 6.1, notices of regular and special meetings of the Board shall be governed by Section 4.3 and 4.4 of these By-laws, respectively.

6.2 Waiver. Whenever any notice is required to be given by law, the Articles of Incorporation or these By-laws, a waiver

thereof in writing signed at any time by the person or persons entitled to such notice shall be deemed equivalent thereto. In addition, notice shall be deemed to have been given to, or waived by, any shareholder or director who attends a meeting of shareholders or directors in person, or is represented at such meeting by proxy or, in the case of a director, participates in a meeting by telephone, without protesting at the commencement of the meeting the transaction of any business because the meeting is not lawfully called or convened.

## SECTION 7

### OFFICERS

7.1 Designations. The officers of the Corporation shall be elected by the directors and shall be the President, Secretary and Treasurer. The Board of Directors may appoint one or more Vice Presidents and such other officers as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. More than one office may be held by one person, provided that no person holding more than one office may sign, in more than one capacity, any certificate or other instrument required by law to be signed by two officers.

7.2 Term of Office. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Except as otherwise provided in the resolution of the Board of Directors electing any officer, each officer shall hold office until the first meeting of the Board of Directors after the annual meeting of shareholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board, Chairman of the Board, President or Secretary of the Corporation. Such resignation shall take effect at the time specified therein and acceptance of such resignation shall not be necessary to make it effective. The Board may remove any officer with or without cause at any time. Any such removal shall be without prejudice to the contractual rights of such officers, if any, with the Corporation, but the election of an officer shall not in and of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board at any regular or special meeting.

7.3 The President. The President shall have general and active responsibility for the management of the business of the Corporation, and, unless otherwise provided by the Board, shall



be the chief executive and chief operating officer of the Corporation. The President shall supervise the daily operations of the business of the Corporation and shall ensure that all orders, policies and resolutions of the Board are carried out.

7.4 The Vice Presidents. The Vice Presidents (if any) shall perform such duties as the President or the Board of Directors shall prescribe.

7.5 The Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He or she shall give, or cause to be given, notice of all meetings of the shareholders and regular and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or President. He or she shall keep in safe custody the seal of the Corporation, if any, and affix such seal to any instrument requiring it. The Secretary shall have the power to certify at any time as to the number of directors authorized and as to the class to which each director has been elected or assigned.

7.6 The Treasurer. The Treasurer shall have custody of the corporate funds and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the Corporation only for proper corporate purposes or as may be ordered by the Board and shall render to the President and to the Board, whenever they may request it, an account of all his or her transactions as Treasurer and of the financial condition and results of operations of the Corporation.

## SECTION 8

### STOCK

8.1 Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by the President or a Vice President and the Secretary or an Assistant Secretary evidencing the number and class (and series, if any) of shares owned by him or her and containing such information as required by law. If any stock certificate is countersigned by a transfer agent or registrar other than the Corporation itself or an employee of the Corporation, the signature of any such officer may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be an officer, transfer agent or registrar of the Corporation before such

certificate is issued, it may be issued by the Corporation with the same effect as if such person or entity were an officer, transfer agent or registrar of the Corporation on the date of issue.

8.2 Missing Certificates. The President may direct new certificates to be issued in place of any certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the Corporation's receipt of an affidavit of that fact from the person claiming the certificate of stock to be lost, stolen or destroyed. As a condition precedent to the issuance of a new certificate or certificates, the President shall, unless dispensed with by the Board of Directors, require the owner of such lost, stolen or destroyed certificates, or his legal representative, to (a) give the Corporation a bond or (b) enter into a written indemnity agreement, in each case in an amount appropriate to indemnify the Corporation against any claim that may be made against the Corporation with respect to the certificates alleged to have been lost, stolen or destroyed.

8.3 Transfers. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

## SECTION 9

### DETERMINATION OF SHAREHOLDERS

9.1 Record Date. For the purpose of determining shareholders entitled to notice of and to vote at a meeting, or to receive a dividend, or to receive or exercise subscription or other rights, or to participate in a reclassification of stock, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a record date for determination of shareholders for such purpose, such date to be not more than 60 days and, if fixed for the purpose of determining shareholders entitled to notice of and to vote at a meeting, not less than 10 days, prior to the date on which the action requiring the determination of shareholder is to be taken.

9.2 Registered Shareholders. Except as otherwise provided by law, the Corporation and its directors, officers and agents may recognize and treat a person registered on its records as the owner of shares as the owner in fact thereof for all purposes, and as the person exclusively entitled to have and to exercise all rights and privileges incident to the ownership of such

shares, and the Corporation's and its directors', officers' and agents' rights under this section shall not be affected by any actual or constructive notice that the Corporation, or any of its directors, officers or agents, may have to the contrary.

## SECTION 10

### INDEMNIFICATION

10.1 Definitions. As used in this section the following terms shall have the meanings set forth below:

(a) "Board" - the Board of Directors of the Corporation.

(b) "Claim" - any threatened, pending or completed claim, action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether made judicially or extra-judicially, or any separate issue or matter therein, as the context requires.

(c) "Determining Body" - (i) those members of the Board who are not named as parties to the Claim for which indemnification is being sought ("Impartial Directors"), if there are at least three Impartial Directors, (ii) a committee of at least three Impartial Directors appointed by the Board (regardless whether the members of the Board voting on such appointment are Impartial Directors) or (iii) if there are fewer than three Impartial Directors or if the Board so directs (regardless whether the members thereof are Impartial Directors), independent legal counsel, which may be the regular outside counsel of the Corporation.

(d) "Disbursing Officer" - the President of the Corporation or, if the President is a party to the Claim for which indemnification is being sought, any officer not a party to such Claim who is designated by the Board to be the Disbursing Officer with respect to indemnification requests related to the Claim, which designation shall be made promptly after receipt of the initial request for indemnification with respect to such Claim.

(e) "Expenses" - any expenses or costs (including, without limitation, attorney's fees, judgments, punitive or exemplary damages, fines and amounts paid in settlement).

(f) "Indemnitee" - each person who is or was a director or officer of the Corporation.

#### 10.2 Indemnity.

(a) The Corporation shall indemnify each Indemnitee against any Expenses actually and reasonably incurred by him or

her (as they are incurred) in connection with any Claim either against the Indemnitee or as to which the Indemnitee is involved solely as a witness or person required to give evidence, by reason of his or her position (i) as a director or officer of the Corporation or its subsidiaries, (ii) as a fiduciary with respect to any employee benefit plan or trust of the Corporation or its subsidiaries, or (iii) as a director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other profit or not-for-profit entity or enterprise, if such position is or was held at the request of the Corporation or its subsidiaries, whether relating to service in such position before or after the effective date of this Section, if the Indemnitee (i) is successful in his or her defense of the Claim on the merits or otherwise or (ii) has been found by the Determining Body (acting in good faith) to have met the Standard of Conduct (defined below); provided that (i) the amount otherwise payable by the Corporation may be reduced by the Determining Body to such amount as it deems proper if it determines that the Claim involved the receipt of a personal benefit by Indemnitee, (ii) no indemnification shall be made in respect of any Claim as to which Indemnitee shall have been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable for willful or intentional misconduct in the performance of his or her duty to the Corporation or to have obtained an improper personal benefit, unless, and only to the extent that, a court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as the court deems proper, (iii) the Corporation shall provide indemnification only for Expenses which exceed those reimbursed or paid under liability insurance policies maintained by the Corporation and its subsidiaries and (iv) if the Claim results from the Indemnitee's position with a subsidiary or entity other than the Corporation, the Indemnitee must pursue indemnification from the other entity before seeking indemnification from the Corporation and any indemnification from the Corporation shall be reduced by the indemnification received from the other entity.

(b) The Standard of Conduct is met when the conduct by an Indemnitee with respect to which a Claim is asserted was conduct that was in good faith and that the Indemnitee reasonably believed to be in, or not opposed to, the best interest of the Corporation, and, in the case of a criminal action or proceeding, that the Indemnitee had no reasonable cause to believe was unlawful. The termination of any Claim by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not meet the Standard of Conduct.

(c) Promptly upon becoming aware of the existence of any

Claim as to which he or she may be indemnified hereunder, the Indemnatee shall notify the President of the Corporation of the Claim and whether he or she intends to seek indemnification hereunder. If such notice indicates that Indemnatee does so intend, the President shall promptly advise the Board thereof and notify the Board that the establishment of the Determining Body with respect to the Claim will be a matter presented at the next regularly scheduled meeting of the Board. After the Determining Body has been established, the President shall inform the Indemnatee thereof and Indemnatee shall immediately provide the Determining Body with all facts relevant to the Claim known to him or her. Within 60 days of the receipt of such information, together with such additional information as the Determining Body may request of Indemnatee, the Determining Body shall determine, and shall advise Indemnatee of its determination, whether Indemnatee has met the Standard of Conduct.

(d) During such 60-day period, Indemnatee shall promptly inform the Determining Body upon his or her becoming aware of any relevant facts not provided by him or her to the Determining Body, unless the Determining Body has obtained such facts by other means.

(e) In the case of any Claim not involving a proposed, threatened or pending criminal proceeding,

(i) if Indemnatee has, in the good faith judgment of the Determining Body, met the Standard of Conduct, the Corporation may, in its sole discretion after notice to Indemnatee, assume all responsibility for the defense of the Claim, and, in any event, the Corporation and the Indemnatee each shall keep the other informed as to the progress of the defense, including prompt disclosure of any proposals for settlement; provided that if the Corporation is a party to the Claim and Indemnatee reasonably determines that there is a conflict between the positions of the Corporation and Indemnatee with respect to the Claim, then Indemnatee shall be entitled to conduct his or her defense, with counsel of his or her choice; and provided further that Indemnatee shall in any event be entitled at his or her expense to employ counsel chosen by him or her to participate in the defense of the Claim; and

(ii) the Corporation shall fairly consider any proposals by Indemnatee for settlement of the Claim. If the Corporation (A) proposes a settlement acceptable to the person asserting the Claim, or (B) believes a settlement proposed by the person asserting the Claim should be accepted, it shall inform Indemnatee of the terms thereof and shall fix a reasonable date by which Indemnatee shall respond. If Indemnatee agrees to such terms, Indemnatee shall execute such documents as shall be necessary to effect the settlement. If Indemnatee does not agree

Indemnitee may proceed with the defense of the Claim in any manner he or she chooses, but if he or she is not successful on the merits or otherwise, the Corporation's obligation to indemnify Indemnitee for any Expenses incurred following his or her disagreement shall be limited to the lesser of (A) the total Expenses incurred by Indemnitee following his or her decision not to agree to such proposed settlement or (B) the amount the Corporation would have paid pursuant to the terms of the proposed settlement. If, however, the proposed settlement would impose upon Indemnitee any requirement to act or refrain from acting that would materially interfere with the conduct of his or her affairs, Indemnitee may refuse such settlement and proceed with the defense of the Claim, if Indemnitee so desires, at the Corporation's expense without regard to the limitations imposed by the preceding sentence. In no event, however, shall the Corporation be obligated to indemnify Indemnitee for any amount paid in a settlement that the Corporation has not approved.

(f) In the case of a Claim involving a proposed, threatened or pending criminal proceeding, Indemnitee shall be entitled to conduct the defense of the Claim, and to make all decisions with respect thereto, with counsel of Indemnitee's choice, provided, however, that the Corporation shall not be obligated to indemnify Indemnitee for an amount paid in settlement that the Corporation has not approved.

(g) After notifying the Corporation of the existence of a Claim, Indemnitee may from time to time request the Corporation to pay the Expenses (other than judgments, fines, penalties or amounts paid in settlement) that he or she incurs in pursuing a defense of the Claim prior to the time that the Determining Body determines whether the Standard of Conduct has been met. If the Disbursing Officer believes the amount requested to be reasonable, the Disbursing Officer shall pay to Indemnitee the amount requested (regardless of Indemnitee's apparent ability to repay such amount) upon receipt of an undertaking by or on behalf of Indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation under the circumstances. If the Disbursing Officer does not believe such amount to be reasonable, the Corporation shall pay the amount deemed by the Disbursing Office to be reasonable and Indemnitee may apply directly to the Determining Body for the remainder of the amount requested.

(h) After the Determining Body has determined that the Standard of Conduct was met, for so long as and to the extent that the Corporation is required to indemnify Indemnitee under this Section, the provisions of Paragraph (g) shall continue to apply with respect to Expenses incurred after such time except that (i) no undertaking shall be required of Indemnitee and (ii) the Disbursing Officer shall pay to Indemnitee such amount of any

finances, penalties or judgments against Indemnitee which have become final and for which he or she is entitled to indemnification hereunder.

(i) Any determination by the Corporation with respect to settlements of a Claim shall be made by the Determining Body.

(j) The Corporation and Indemnitee shall keep confidential, to the extent permitted by law and their fiduciary obligations, all facts and determinations provided or made pursuant to or arising out of the operation of this Section, and the Corporation and Indemnitee shall instruct its or his or her agents and employees to do likewise.

#### 10.3 Enforcement.

(a) The rights provided by this Section shall be enforceable by Indemnitee in any court of competent jurisdiction.

(b) If Indemnitee seeks a judicial adjudication of his or her other rights under this Section, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses actually and reasonably incurred by Indemnitee in connection with such proceeding but only if he or she prevails therein. If it shall be determined that Indemnitee is entitled to receive part but not all of the relief sought, then the Indemnitee shall be entitled to be reimbursed for all Expenses incurred by him or her in connection with such judicial adjudication if the amount to which Indemnitee is determined to be entitled exceeds 50% of the amount of his or her claim. Otherwise, the Expenses incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

(c) In any judicial proceeding described in this subsection, the Corporation shall bear the burden of proving that Indemnitee is not entitled to any Expenses sought with respect to any Claim.

10.4 Saving Clause. If any provision of this Section is determined by a court having jurisdiction over the matter to require the Corporation to do or refrain from doing any act that is in violation of applicable law, the court shall be empowered to modify or reform such provision so that, as modified or reformed, such provision provides the maximum indemnification permitted by law, and such provision, as so modified or reformed, and the balance of this Section, shall be applied in accordance with their terms. Without limiting the generality of the foregoing, if any portion of this Section shall be invalidated on any ground, the Corporation shall nevertheless indemnify an Indemnitee to the full extent permitted by any applicable portion of this Section that shall not have been invalidated and to the full



extent permitted by law with respect to that portion that has been invalidated.

#### 10.5 Non-Exclusivity.

(a) The indemnification and advancement of Expenses provided by or granted pursuant to this Section shall not be deemed exclusive of any other rights to which Indemnitee is or may become entitled under any statute, article of incorporation, by-law, authorization of shareholders or directors, agreement, or otherwise.

(b) It is the intent of the Corporation by this Section to indemnify and hold harmless Indemnitee to the full extent permitted by law, so that if applicable law would permit the Corporation to provide broader indemnification rights than are currently permitted, the Corporation shall indemnify and hold harmless Indemnitee to the full extent permitted by applicable law notwithstanding that the other terms of this Section would provide for lesser indemnification.

10.6 Successors and Assigns. This Section shall be binding upon the Corporation, its successors and assigns, and shall inure to the benefit of the Indemnitee's heirs, personal representatives, and assigns and to the benefit of the Corporation, its successors and assigns.

10.7 Indemnification of Other Persons. The Corporation may indemnify any person not covered by Sections 10.1 through 10.6 to the extent provided in a resolution of the Board or a separate section of these By-laws.

10.8 Amendment. No amendment to or repeal of this Section or any portion hereof shall limit any Indemnitee's entitlement to indemnification in accordance with the provisions hereof with respect to any acts or omissions of Indemnitee which occur prior to such amendment or repeal.

## SECTION 11

### MISCELLANEOUS

11.1 Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate. Signatures of the authorized signatories may be by facsimile.

11.2 Seal. The Board of Directors may adopt a corporate seal, which shall have inscribed thereon the name of the Corporation. The seal may be used by causing it or a facsimile thereof to be



impressed or affixed or reproduced or otherwise. Failure to affix the seal shall not, however, affect the validity of any instrument.

11.3Amendment. These By-laws may be amended or repealed only as provided in Article VIII of the Articles of Incorporation.

AMENDMENT TO BY-LAWS OF MIDSOUTH ADOPTED BY  
THE BOARD OF DIRECTORS, APRIL 12, 1995

FURTHER RESOLVED that the By-laws of the Corporation be and they are hereby amended to reduce the number of directors to eight, to be effective with respect to the forthcoming annual meeting of shareholders.

FURTHER RESOLVED that the number of Class II directors shall be two, the number Class III directors shall be three and the number of Class I directors shall be three.

Mergers of MidSouth Bancorp, Inc. with Sugarland Bancshares, Inc. and MidSouth National Bank with Sugarland State Bank Tax Opinion

May 31, 1995

Mr. D.J. Tranchina  
President, Sugarland Bancshares, Inc.  
1527 West Main St.  
Jeanerette, LA 70544

Mr. Rusty Cloutier  
President, MidSouth National Bank  
P. O. Box 3745  
Lafayette, LA 70502

Dear Mr. Tranchina and Mr. Cloutier:

Re:Mergers of MidSouth Bancorp, Inc. with Sugarland Bancshares, Inc. and MidSouth National Bank with Sugarland State Bank

This is in response to your request for our tax opinion on the proposed merger ("Holding Merger") of Sugarland Bancshares, Inc. ("Sugarland") with and into MidSouth Bancorp, Inc. ("MidSouth") and the proposed merger ("Bank Merger") of Sugarland State Bank ("Sugarland Bank"), a wholly-owned subsidiary of Sugarland, with and into MidSouth National Bank ("MidSouth Bank"), a wholly-owned subsidiary of MidSouth. The conclusions represented herein are premised on the facts and representations in the Agreement and Plan of Merger by and between Sugarland and MidSouth dated as of December 28, 1994 (the "Agreement"), the proxy statement-prospectus contained in the registration statement (Form S-4) filed with the Securities and Exchange Commission on April 7, 1995, the representations of facts as set forth in MidSouth's and Sugarland's letters of representations dated May 30, 1995 and the law as it exists today.

FACTS

Sugarland, a corporation duly organized, validly existing, and in good standing under the laws of the state of Louisiana, was organized in 1981 to operate as a bank holding company. The authorized capital stock of Sugarland consists of 400,000 shares of common stock, of which 187,286 shares were issued and

outstanding and 45,000 shares which were held in treasury as of the date of the Agreement. Sugarland is a bank holding company as defined pursuant to the Bank Holding Act of 1956, as amended.

MidSouth/Sugarland Tax Opinion

May 31, 1995

Page

Sugarland Bank, a wholly-owned subsidiary of Sugarland, is a state chartered banking association which is duly organized and validly existing under the laws of the state of Louisiana. Sugarland Bank joined Sugarland in the filing of a consolidated return for the year ended December 31, 1993.

Sugarland Bank serves its primary market area of Jeanerette in the parish of Iberia through retail banking offices. Sugarland Bank is a community-oriented financial institution offering a variety of financial services. Sugarland Bank's earnings are primarily derived from interest earned on its loans and mortgage-backed securities and interest and dividends earned on its investment securities. Its chief expenses include interest paid on savings deposits and borrowing and operating expenses.

MidSouth, a corporation duly organized, validly existing, and in good standing under the laws of the state of Louisiana, is a bank holding company. As of September 30, 1994, MidSouth was authorized to issue (i) 5,000,000 shares of common stock, par value \$.10 per share, of which 709,687 shares were issued and outstanding and (ii) 5,000,000 shares of preferred stock, no par value per share, none of which is issued and outstanding. Shares of MidSouth common stock are eligible for trading on the American Stock Exchange's Emerging Company Market. MidSouth is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended.

MidSouth Bank, a wholly-owned subsidiary of MidSouth, is a national banking association duly organized and validly existing under the laws of the United States. MidSouth Bank joined MidSouth in the filing of a consolidated return for the year ended December 31, 1993.

#### THE TRANSACTION

On December 30, 1994, the companies jointly announced an agreement in principle whereby Sugarland would be acquired by MidSouth for approximately \$14.25 per share, payable in MidSouth shares. Following the acquisition, Sugarland Bank was to merge with and into MidSouth Bank. MidSouth had been searching for a method to expand its operations in south Louisiana. The acquisition will give MidSouth a substantial business presence

and an enhanced competitive position in Jeanerette and the surrounding area of Iberia parish while benefiting from Sugarland's personnel, locations, deposit taking capabilities and loan portfolio. Further, MidSouth Bank will be able to offer a more diverse variety of lending programs and other customer services that Sugarland Bank does not currently offer.

#### Holding Merger

At the date and time on which the mergers are effective, the Holding Merger will occur immediately preceding the Bank Merger pursuant to the Agreements. The merger of Sugarland with and into MidSouth with MidSouth surviving will be a statutory merger under the laws of the state of Louisiana. As a result of the Holding Merger, the separate existence of Sugarland shall cease, and MidSouth, as the surviving corporation, shall continue its corporate existence under the laws of the state of Louisiana. The existing articles of incorporation and bylaws of MidSouth in effect at the Effective Time shall be the articles of incorporation and bylaws of the surviving corporation until further amended as provided by law. The directors and officers of MidSouth immediately preceding the Holding Merger shall be the directors and officers of the surviving corporation. MidSouth shall possess all rights, privileges, powers and franchises of Sugarland. All property, real, personal, and mixed, including the investment in Sugarland Bank and all rights of creditors of Sugarland shall be vested in and belong to MidSouth.

At the Holding Merger effective time, upon consummation of the Holding Merger, each issued and outstanding share of Sugarland stock, other than shares as to which dissenters' rights have been perfected and not withdrawn or otherwise forfeited under Section 131 of the Louisiana Business Corporation Law (BCL), shall be converted into a number of shares of Series A Cumulative Convertible Preferred Stock of MidSouth equal to the quotient of (i) 187,286, divided by (ii) the number of shares of Sugarland outstanding on the Effective Date.

No fractional shares of MidSouth Series A preferred stock will be issued. Instead, upon surrender of the Sugarland common stock certificate, MidSouth will pay, or cause to be paid, to the holder thereof, the cash value of the fractional interest to which the holder thereof would otherwise be entitled, based upon the fractional share multiplied by the stated value of a MidSouth Series A preferred share on the day of the Holding Merger.

The Series A Cumulative Convertible Preferred Stock will be issued under and subject to the Articles of Amendment to the Amended and Restated Articles of Incorporation of MidSouth. These shares will have a stated value of \$14.25 per share and the holder is entitled to receive dividends, when declared, at a rate

equal to the one year government bond rate as published in the Wall Street Journal on the last day of the calendar year, plus 1%. The rate paid will be no greater than 10%, nor less than 6%. At the tenth anniversary date of the shares, the dividend rate shall be fixed at 10%. Dividends on shares junior to the Series A preferred shares can not be paid unless all arrears on the Series A preferred shares have been paid.

On or after the fifth anniversary date of the issuance of the Series A preferred shares, MidSouth, at its option, may redeem the shares at the stated value (\$14.25 per), plus accrued and unpaid dividends, if any. At the time that MidSouth exercises its option to redeem the preferred shares, the holder of the Series A shares will be given the opportunity to convert the preferred shares to common shares at the conversion price then in effect.

The Series A preferred shareholders will not be entitled to vote on any matter, except those required by law. However, if at any time MidSouth fails to make quarterly dividends for two consecutive quarters, MidSouth's Board will automatically increase by two members which will be elected by the Series A preferred shareholders.

MidSouth/Sugarland Tax Opinion

May 31, 1995

Page

Bank Merger

The Holding Merger will immediately precede the Bank Merger. The merger of Sugarland Bank with and into MidSouth Bank will be a merger pursuant to the laws of the United States and the state of Louisiana. As a result of the Bank Merger, the separate existence of Sugarland Bank shall cease and MidSouth Bank, as the surviving association, shall continue its corporate existence under the laws of the United States as a national banking association. The existing articles of association and bylaws of MidSouth Bank shall be the articles of association and bylaws of the merged bank. The directors and officers of MidSouth Bank immediately preceding the Bank Merger shall be the directors and officers of the merged bank. MidSouth Bank shall possess all the rights, privileges, powers, and franchises of Sugarland Bank. All property, real, personal, and mixed, and all rights of creditors and depositors of Sugarland Bank shall be vested in and belong to MidSouth Bank.

Upon consummation of the Bank Merger, each issued and outstanding share of Sugarland Bank common stock held by MidSouth shall be canceled.

## REPRESENTATIONS

### Holding Merger

In order to determine the consequences of the Holding Merger for federal income tax purposes, MidSouth has directed us to rely on the following representations in their letter dated May 30, 1995:

(1) The fair market value of the MidSouth Series A preferred stock to be received by each shareholder of Sugarland will be approximately equal to the fair market value of the Sugarland common stock surrendered in the exchange.

(2) MidSouth has no plan or intention to reacquire any of its stock issued to the shareholders of Sugarland in the proposed transaction.

(3) After the proposed transaction, MidSouth will continue the historic business of Sugarland or use a significant portion of Sugarland historic assets in MidSouth's business, except that the management of Sugarland will be consolidated with that of MidSouth.

(4) MidSouth is not an "investment company" as defined in Section 368(a)(2)(F)(iii) and (iv) of the Internal Revenue Code of 1986 (as amended) ("Code").

(5) There is no intercorporate indebtedness existing between Sugarland and MidSouth which was issued, acquired, or will be settled at a discount.

(6) The payment of cash in lieu of fractional shares of MidSouth Series A preferred stock is solely for the purpose of avoiding the expense and inconvenience to MidSouth of issuing fractional shares and does not represent separately bargained for consideration. The total cash consideration that will be paid in the transaction to the Sugarland shareholders instead of issuing fractional shares of MidSouth stock will not exceed one percent of the total consideration that will be issued in the transaction to the Sugarland shareholders in exchange for their shares of Sugarland stock. The fractional share interests of each Sugarland shareholder will be aggregated, and no Sugarland shareholder will receive cash in an amount equal to or greater than the value of one full share of MidSouth Series A preferred stock.

(7) MidSouth has no plan or intention to sell or otherwise dispose of any of the assets of Sugarland acquired in the transaction, except for dispositions made in the ordinary course of business or transactions described in Section 368(a)(2)(C) of the Code,

except for the merger of Sugarland Bank with and into MidSouth Bank.

(8)The issue price (i.e. the fair market value) of the MidSouth Series A preferred and the subsequent redemption price will be equivalent.

(9)MidSouth will pay its own expenses, if any, incurred in connection with the transaction.

(10)The merger of Sugarland with and into MidSouth, with MidSouth surviving, will qualify as a statutory merger under the laws of the state of Louisiana.

(11)Immediately prior to and after the merger, the shareholders of Sugarland collectively own less than 1% of the common shares of MidSouth and there is no concerted plan which will result in the exchanging shareholders holding both preferred and common stock of MidSouth.

In order to determine the consequences of the Holding Merger for federal income tax purposes, Sugarland has directed us to rely on the following representations in their letter dated May 30, 1995:

(1)The fair market value of the MidSouth Series A preferred stock to be received by each shareholder of Sugarland will be approximately equal to the fair market value of the Sugarland common stock surrendered in the exchange.

(2)There is no plan or intention by the shareholders of Sugarland who own 5 percent or more of the Sugarland stock, and, to the best of the knowledge of the management of Sugarland, there is no plan or intention on the part of the remaining shareholders of Sugarland to sell, exchange or otherwise dispose of a number of shares of MidSouth Series A preferred stock received in the Holding Merger that would reduce the Sugarland shareholders' ownership of MidSouth Series A preferred stock to a number of shares having a value, as of the date of the merger, of less than 50 percent of the value of all of the formerly outstanding stock of Sugarland as of the same date. For purposes of this representation, shares of Sugarland stock surrendered by dissenters or exchanged for cash in lieu of fractional shares of MidSouth Series A preferred stock will be treated as outstanding Sugarland stock at the effective time of the merger. Moreover, shares of Sugarland's stock and shares of MidSouth Series A preferred stock held by Sugarland shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation.

(3)Sugarland is not under the jurisdiction of a court in a Title 11 or similar case (within the meaning of Section 368(a)(3)(A) of

the Code).

(4)The liabilities of Sugarland to be assumed by MidSouth and the liabilities to which the transferred assets of Sugarland are subject were incurred by Sugarland in the ordinary course of business.

(5)The fair market value of the assets of Sugarland transferred to MidSouth will exceed the sum of the liabilities to be assumed by MidSouth, plus the amount of liabilities, if any, to which the transferred assets are subject.

(6)Sugarland is not an "investment company" as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.

(7)There is no intercorporate indebtedness existing between Sugarland and MidSouth which was issued, acquired, or will be settled at a discount.

(8)Sugarland and the shareholders of Sugarland will each pay their own expenses, if any, incurred in connection with the transaction.

(9)None of the compensation received by any shareholder-employees of Sugarland will be separate consideration for, or allocable to, any of their shares of Sugarland stock; none of the shares of MidSouth Series A preferred stock received by any shareholder-employee will be separate consideration for, or allocable to, any employment agreement; and the compensation paid to any shareholder-employees will be for services actually rendered and will be commensurate with amounts paid to third parties bargaining at arm's length for similar services.

(10)Immediately prior to and after the merger of Sugarland into MidSouth, the former shareholders of Sugarland own collectively less than 1% of the common shares of MidSouth and there is no concerted plan which will result in the exchanging shareholders holding both preferred and common stock of MidSouth.

(11)The merger of Sugarland into MidSouth with MidSouth surviving will qualify as a statutory merger under the laws of the state of Louisiana.

#### Bank Merger

In order to determine the consequences of the Bank Merger for federal income tax purposes, MidSouth has directed us to rely on the following representations in their letter dated May 30, 1995:

(1)MidSouth has no plan or intention to sell or otherwise dispose of the MidSouth Bank stock after the merger.



(2)MidSouth Bank has no plan or intention to acquire any of its stock.

(3)MidSouth Bank has no plan or intention to sell or otherwise dispose of any of the assets of Sugarland Bank acquired in the merger, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code.

(4)After the proposed transaction, MidSouth Bank will continue the historic business of Sugarland Bank and use a significant portion of Sugarland Bank's business assets in MidSouth Bank's business, except that the management of Sugarland Bank will be consolidated with that of MidSouth Bank.

(5)MidSouth Bank and MidSouth will pay their own expenses, if any, incurred in connection with the transaction.

(6)There is no intercorporate indebtedness existing between Sugarland Bank and MidSouth Bank which was issued, acquired, or will be settled at a discount.

(7)MidSouth Bank is not an "investment company" as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.

(8)The merger of Sugarland Bank with and into MidSouth Bank, with MidSouth Bank surviving, will qualify as a merger pursuant to the corporation laws of the state of Louisiana and the United States.

In order to determine the consequences of the Bank Merger for federal income tax purposes, Sugarland Bank has directed us to rely on the following representations in their letter dated May 30, 1995:

(1)Sugarland Bank is not under the jurisdiction of a court in a Title 11 or similar case (within the meaning of Section 368(a)(3)(A) of the Code).

(2)The liabilities of Sugarland Bank to be assumed by MidSouth Bank and the liabilities to which the transferred assets of Sugarland Bank are subject were incurred by Sugarland Bank in the ordinary course of business.

(3)Sugarland Bank is not an "investment company" as defined in Section 368(a)(2)(F)(iii) and (iv) of the Code.

(4)There is no intercorporate indebtedness existing between Sugarland Bank and MidSouth Bank which was issued, acquired, or will be settled at a discount.

(5) Sugarland Bank will pay its own expenses, if any, incurred in connection with the transaction.

(6) The fair market value of the assets of Sugarland Bank to be transferred to MidSouth Bank will equal or exceed the sum of the liabilities assumed by MidSouth Bank plus the amount of liabilities, if any, to which the transferred assets are subject.

(7) The merger of Sugarland Bank into MidSouth Bank, with MidSouth Bank surviving, will qualify as a merger pursuant to the corporation laws of the state of Louisiana and the United States.

(8) The total adjusted basis of the assets of Sugarland Bank transferred to MidSouth Bank will equal or exceed the sum of the liabilities to be assumed by MidSouth Bank, plus the liabilities, if any, to which the transferred assets are subject.

#### APPLICABLE LAW AND AUTHORITY

Section 368(a)(1)(A) of the Code provides that the term "reorganization" means a statutory merger or consolidation. Under Section 1.368-2(b)(1) of the Income Tax Regulations (Regulations), in order to qualify as a reorganization under Section 368(a)(1)(A), the transaction must be a merger or consolidation effected pursuant to the corporation laws of the United States or a State or Territory or the District of Columbia. It has been represented that the merger of Sugarland with and into MidSouth will qualify as a statutory merger under the laws of the state of Louisiana. It has been represented that the merger of Sugarland Bank with and into MidSouth Bank will qualify as a merger pursuant to the corporation laws of the state of Louisiana and the United States.

In addition to the requirements set forth in the statute, in order for a transaction to be a tax-free reorganization, certain requirements set forth in the regulations under Section 368 of the Code must also be met. Section 1.368-1(b) of the Regulations provides that the purpose of the reorganization provisions of the Code is to except from the general rule of taxability certain specifically described exchanges incident to such readjustments of corporate structures made in one of the particular ways specified in the Code, as are required by business exigencies and which effect only a readjustment of continuing interest in property under modified corporate forms. Requisite to a reorganization under the Code are a continuity of the business enterprise under the modified corporate form, and (except as provided in Section 368(a)(1)(D)) a continuity of interest therein on the part of those persons who, directly or indirectly, were the owners of the enterprise prior to the reorganization.

To be treated as a reorganization described in Section

368(a)(1)(A) of the Code, the transaction must be planned and carried out for a genuine business purpose. This transaction is being entered into in order for MidSouth to expand its business operations into Jeanerette and the parishes of Iberia while benefiting from the addition of Sugarland Bank's personnel, locations, deposit taking and loan origination market share, and loan portfolio. MidSouth believes MidSouth Bank should be in an enhanced competitive position with respect to other financial institutions in the area. MidSouth Bank should be able to offer a more diverse variety of lending programs and other customer services that Sugarland Bank does not currently offer. This should satisfy the business purpose requirement for both the Holding Merger and the Bank Merger.

Section 1.368-1(d) of the Regulations provide that continuity of business enterprise requires that the acquiring corporations either (i) continue the acquired corporation's historic business or (ii) use a significant portion of the acquired corporation's historic business assets in a business. It has been represented that after the proposed transaction, MidSouth will continue the historic business of Sugarland or use a significant portion of Sugarland's business assets in MidSouth's business, except that the management of Sugarland will be consolidated with that of MidSouth. It has also been represented that after the proposed transaction, MidSouth Bank will continue the historic business of Sugarland Bank or use a significant portion of Sugarland Bank's business assets in MidSouth Bank's business, except that the management of Sugarland Bank will be consolidated with that of MidSouth Bank. According to Rev. Rul. 85-198, 1985-2 C.B. 120, the continuity of business enterprise requirement of Sec. 1.368-1(d) of the regulations is satisfied when the business of a former subsidiary of a merged bank holding company is carried on in the same manner and form indirectly, through a second tier subsidiary, of the surviving bank holding company. Though the facts are slightly different in this case as Sugarland Bank will merge into MidSouth Bank instead of operating as a second tier subsidiary of MidSouth Bank, Sugarland Bank's operations will continue to be carried on indirectly through MidSouth Bank. Accordingly, the continuity of business enterprise requirement should be met for both the Holding Merger and the Bank Merger.

Under Section 1.368-1(b) of the Regulations, the continuity of interest doctrine requires that in a reorganization there must be a continuity of interest therein on the part of those persons who, directly or indirectly, were the owners of the enterprise prior to the reorganization. Rev. Proc. 77-37, 1977-2 CB 568 provides that the "continuity of interest" requirement of Section 1.368-1(b) of the Regulations is satisfied if there is continuing interest through stock ownership in the acquiring or transferee corporation (or a corporation in "control" thereof within the

meaning of Section 368(c) of the Code) on the part of the former shareholders of the acquired or transferor corporation which is equal in value, as of the effective date of the reorganization, to at least 50 percent of the value of all of the formerly outstanding stock of the acquired or transferor corporation as of the same date. It is not necessary that each shareholder of the acquired or transferor corporation receive in the exchange stock of the acquiring or transferee corporation, or a corporation in "control" thereof, which is equal in value to at least 50 percent of the value of his former stock interest in the acquired or transferor corporation, so long as one or more of the shareholders of the acquired or transferor corporation have a continuing interest through stock ownership in the acquiring or transferee corporation (or a corporation in "control" thereof) which is, in the aggregate, equal in value to at least 50 percent of the value of all of the formerly outstanding stock of the acquired or transferor corporation. Sales, redemptions, and other dispositions of stock occurring prior or subsequent to the exchange which are part of the plan of the merger will be considered in determining whether there is a 50 percent continuing interest through stock ownership as of the effective date of the merger.

It has been represented that there is no plan or intention by the shareholders of Sugarland who own 5 percent or more of Sugarland stock, and to the best of the knowledge of the management of Sugarland, there is no plan or intention on the part of remaining shareholders of Sugarland to sell, exchange, or otherwise dispose of a number of shares of MidSouth Series A preferred stock received in the Holding Merger that will reduce the Sugarland shareholders' ownership of MidSouth Series A preferred stock to a number of shares having a value, as of the date of the merger, of less than 50 percent of the value of all the formerly outstanding stock of Sugarland as of the same date. For purposes of this representation, shares of Sugarland stock surrendered by dissenters or exchanged for cash in lieu of fractional shares of MidSouth Series A preferred stock will be treated as outstanding Sugarland stock at the effective time of the merger. Moreover, shares of Sugarland's common stock and shares of MidSouth Series A preferred stock held by Sugarland shareholders and otherwise sold, redeemed, or disposed of prior or subsequent to the transaction will be considered in making this representation. It has been represented that MidSouth has no plan or intention to sell or otherwise dispose of the MidSouth Bank Stock after the merger. Accordingly, the continuity of interest requirement should be met for both the Holding Merger and Bank Merger.

Based on the analysis set forth above, the merger of Sugarland with and into MidSouth, with MidSouth surviving, and the merger of Sugarland Bank with and into MidSouth Bank, with MidSouth Bank surviving, should qualify as reorganizations described in Section

368(a)(1)(A) of the Code.

Section 361(a) of the Code provides that no gain or loss shall be recognized to a corporation if such corporation is a party to a reorganization and exchanges property, in pursuance of the plan of reorganization, solely for stock or securities in another corporation a party to the reorganization.

Section 357(a) of the Code provides that if the taxpayer receives property which would be permitted to be received under Section 361 without the recognition of gain if it were the sole consideration, and as part of the consideration, another party to the exchange assumes a liability of the taxpayer, or acquires from the taxpayer property subject to a liability, then such assumption or acquisition shall not be treated as money or other property, and shall not prevent the exchange from being within the provisions of Section 361.

Section 357(c) of the Code provides that in an exchange of property described under Section 361(a)(1)(D), if the sum of the liabilities assumed, plus the amount of the liabilities to which the property is subject, exceeds the basis of the property transferred pursuant to the exchange, then such excess shall be considered gain from the sale of a capital asset or of property which is not a capital asset, as the case may be.

Section 368(b)(2) of the Code provides the term "a party to a reorganization" includes both corporations, in the case of a reorganization resulting from the acquisition by one corporation of stock or properties of another. Therefore, Sugarland and MidSouth are both considered to be a "party to a reorganization" in regards to the Holding Merger. Further, Sugarland Bank and MidSouth Bank are both considered to be a "party to a reorganization" in regards to the Bank Merger.

Since Sugarland and MidSouth are each a party to a reorganization and the exchange is solely for MidSouth Series A preferred stock, no gain or loss should be recognized to Sugarland on the transfer of its property to MidSouth in accordance with the Agreement. Further, since MidSouth Bank and Sugarland Bank are each a party to a reorganization and the adjusted basis of the assets transferred will exceed the sum of the liabilities assumed, plus the liabilities to which the transferred assets are subject, then no gain or loss should be recognized to Sugarland Bank on the transfer of its property to MidSouth Bank in accordance with the Agreement.

Section 1032(a) of the Code provides that no gain or loss shall be recognized to a corporation on the receipt of money or other property in exchange for stock (including treasury stock) of such corporation. Sugarland will merge with and into MidSouth in

accordance with the Agreement. Accordingly, MidSouth should not recognize any gain or loss as a result of the exchange of its stock for the property of Sugarland Bank. Sugarland Bank will merge with and into MidSouth Bank. Accordingly, MidSouth Bank should not recognize any gain or loss as a result of the constructive exchange of its stock for the property of Sugarland Bank.

Section 362(b) of the Code provides that if property was acquired by a corporation in connection with a reorganization to which this part applies, then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain recognized to the transferor on such transfer. Since MidSouth will receive property (i.e., the assets) from Sugarland in connection with a reorganization within the meaning of Section 368(a)(1)(A) and Sugarland will recognize no gain or loss on the transfer, the basis of the assets to be received by MidSouth should be the same as the basis of those assets in the hands of Sugarland immediately prior to the transfer (i.e. carryover basis). Since MidSouth Bank will receive property (i.e., the assets) from Sugarland Bank in connection with a reorganization within the meaning of Section 368(a)(1)(A), and Sugarland Bank will recognize no gain or loss on the transfer, the basis of the assets to be received by MidSouth Bank should be the same as the basis of those assets in the hands of Sugarland Bank immediately prior to the transfer (carryover basis).

Section 1223(2) of the Code provides that, in determining the period for which the taxpayer has held property however acquired there shall be included the period for which such property was held by any other person, if under this chapter such property has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or in part in his hands as it would have in the hands of such other person. Because the basis of the assets to be received by MidSouth from Sugarland should be the same as the basis of those assets in the hands of Sugarland immediately prior to the transfer (as discussed above), the holding period for the assets of Sugarland to be received by MidSouth should include the period during which such assets were held by Sugarland. Because the basis of the assets to be received by MidSouth Bank from Sugarland Bank should be the same as the basis of those assets in the hands of Sugarland Bank immediately prior to the transfer (as discussed above), the holding period for the assets of Sugarland Bank to be received by MidSouth Bank should include the period during which such assets were held by Sugarland Bank.

Section 354(a)(1) of the Code provides that no gain or loss shall be recognized if stock or securities in a corporation that is a party to a reorganization are, in pursuance of the plan of reorganization, exchanged solely for stock or securities in such

corporation or in another corporation a party to the reorganization. Since the stock of Sugarland is being exchanged solely for MidSouth Series A preferred stock, no gain or loss shall be recognized by the Sugarland shareholders on the exchange of their Sugarland stock for MidSouth Series A preferred stock (including fractional share interests that they might otherwise be entitled to receive). Further, MidSouth will recognize no gain or loss on the constructive exchange of Sugarland Bank stock for MidSouth Bank stock.

Section 358(a)(1) of the Code provides that in the case of an exchange to which Section 354 applies, the basis of the property to be received without the recognition of gain or loss shall be the same as that of the property exchanged. Since shareholders of Sugarland will receive solely MidSouth Series A preferred stock in the exchange, the basis of the MidSouth Series A preferred stock (including fractional share interests that they might otherwise be entitled to receive) in the hands of the former Sugarland shareholders should be the same, in each instance, as the basis of the Sugarland common stock surrendered in exchange therefore. Further, MidSouth's basis in the MidSouth Bank stock will equal the basis of such stock held immediately prior to the merger, plus its basis in the Sugarland Bank stock canceled as a result of the Bank Merger.

Section 1223(1) of the Code provides that, in determining the period for which the taxpayer has held property received in an exchange, there shall be included the period for which the taxpayer held the property exchanged if, under this chapter, the property has, for the purpose of determining gain or loss from a sale or exchange, the same basis in whole or in part in his hands as the property exchanged, and, in the case of such exchanges after March 1, 1954, the property exchanged, at the time of such exchange, was a capital asset as defined in Section 1221 or property described in Section 1231. Since the basis of the MidSouth Series A preferred stock held by the Sugarland shareholders should have the same basis as the Sugarland common stock exchanged, the holding period of the MidSouth Series A preferred stock (including fractional share interests that they might otherwise be entitled to receive) should include the period for which the Sugarland common stock was held, provided that such stock was a capital asset on the date of the exchange. Since the basis of the MidSouth Bank common stock constructively held by MidSouth should have the same basis as the Sugarland Bank common stock then the holding period of MidSouth in the MidSouth Bank common stock constructively held should include the period for which the Sugarland Bank common stock was held, provided that such stock was a capital asset on the date of the exchange.

Rev. Rul. 66-365, 1966-1 C.B. 116, provides that cash received by a target shareholder as part of a plan of reorganization under



Section 368(a)(1)(A) of the Code, when the target shareholder is otherwise entitled to receive a fractional share of stock of the acquiring corporation in exchange for the target stock, will be treated as if the fractional shares were distributed as part of the exchange and then were redeemed by the acquirer. These cash payments will be treated as having been received as distributions in full payment in exchange for the stock redeemed as provided in Section 302(a), provided the redemption is not essentially equivalent to a dividend. Thus, the receipt of cash will result in gain or loss measured by the difference between the basis of such fractional share interest and the cash received, and such gain or loss will be capital gain or loss to the target shareholder, provided the target stock was a capital asset in the shareholder's hands and, as such, would be subject to the provisions and limitations of Subchapter P of Chapter 1 of the Code.

Rev. Proc. 77-41, 1977-2, C.B. 574, provides that the Service will issue an advance ruling under Section 302(a) of the Code that cash to be distributed to shareholders in lieu of fractional share interest arising in corporate reorganizations will be treated as having been received in part or full payment in exchange for the stock redeemed if the cash distribution is undertaken solely for the purpose of saving the corporation the expense and inconvenience of issuing and transferring fractional shares, and is not separately bargained for consideration. The purpose of the transaction giving rise to the fractional share interest, the maximum amount of cash that may be received by any one shareholder, and the percentage of the total consideration that will be cash are among the factors that will be considered in determining whether a ruling is to be issued.

It has been represented that the payment of cash in lieu of fractional shares of MidSouth Series A preferred stock is solely for the purpose of avoiding the expense and inconvenience to MidSouth of issuing fractional shares and does not represent separately bargained for consideration. The total cash consideration that will be paid in the transaction to the Sugarland shareholders instead of issuing fractional shares of MidSouth Series A preferred stock will not exceed one percent of the total consideration that will be issued in the transaction to the Sugarland shareholders in exchange for their shares of Sugarland common stock. The fractional share interests of each Sugarland shareholder will be aggregated, and no Sugarland shareholder will receive cash in an amount equal to or greater than the value of one full share of MidSouth Series A preferred stock.

Accordingly, cash received by a shareholder of Sugarland otherwise entitled to receive a fractional share of MidSouth Series A preferred stock in the exchange for Sugarland common



stock will be treated as if the fractional shares were distributed as part of the exchange and then were redeemed by MidSouth. These cash payments will be treated as having been received as distributions in full payment in exchange for the stock redeemed as provided in Section 302(a) of the Code. This receipt of cash will result in gain or loss measured by the difference between the basis of such fractional share interest and the cash received. Such gain or loss will be capital gain or loss to a

Sugarland shareholder, provided the Sugarland common stock was a capital asset in the shareholder's hands and, as such, would be subject to the provisions and limitations of Subchapter P of Chapter 1 of the Code.

Section 302(b)(3) of the Code provides that if a redemption is in complete redemption of all of the stock of a corporation owned by a shareholder, such redemption shall be treated as a distribution in part or full payment in exchange for such stock. Because of the operation of Section 302, where cash is received by a dissenting Sugarland shareholder, such cash will be treated as received by the Sugarland shareholder as a distribution in redemption of his stock subject to the provisions and limitation of Section 302.

Section 381(a)(2) of the Code provides that in the case of the acquisition of the assets of another corporation in a transfer to which Section 361 applies, but only if the transfer is in connection with a reorganization described in subparagraph (A), (C), (D), (F), or (G) of Section 368(a)(1), the acquiring corporation shall succeed to and take into account, as of the close of the day of distribution or transfer, the items described in Section 381(c) of the distributor or transferor corporation, subject to the conditions and limitations specified in Sections 381(b) and (c).

Section 1.381(a)-1(a) of the Regulations provides that a corporation which acquires the assets of another corporation in certain liquidations and reorganizations shall succeed to, and take into account, as of the close of the date of distribution or transfer, the items described in Section 381(c) of the distributor or transferor corporation. These items shall be taken into account by the acquiring corporation subject to the conditions and limitations specified in Sections 381, 382(b), and 383 and the regulations thereunder. Because the Holding Merger is a transaction to which Section 361 and 368(a)(1)(A) apply, MidSouth should succeed to and take into account the items of Sugarland described in Section 381(c), subject to the conditions and limitations specified in Sections 381(b) and (c). Because the Bank Merger is a transaction to which Section 361 and 368(a)(1)(A) apply, MidSouth Bank should succeed to and take into account the items of Sugarland Bank described in Section 381(c),

subject to the conditions and limitations specified in Sections 381(b) and (c).

Section 381(c)(2) of the Code and Section 1.381(c)(2)-1 of the Regulations provide that in the case of a distribution or transfer described in Section 381(a) the earnings and profits or deficit in earnings and profits, as the case may be, of the distributor or transferor corporation shall, subject to Section 381(c)(2)(B), be deemed to have been received or incurred by the acquiring corporation as of the close of the date of the distribution or transfer, and a deficit in earnings and profits of the distributor, transferor, or acquiring corporation shall be used only to offset earnings and profits accumulated after the date of transfer. Because the Holding Merger should be a transfer described in Section 381(a), the earnings and profits, or deficit in earnings and profits, of Sugarland should be deemed to have been received or incurred by MidSouth as of the close of the date of transfer, except that any deficit in earnings and profits of Sugarland, on the one hand, or MidSouth on the other hand, should be used only to offset earnings and profits accumulated after the date of the transfer. Because the Bank Merger should be a transfer described in Section 381(a), the earnings and profits, or deficit in earnings and profits, of Sugarland Bank should be deemed to have been received or incurred by MidSouth Bank as of the close of the date of transfer, except that any deficit in earnings and profits of Sugarland Bank, on the one hand, or MidSouth Bank on the other hand, should be used only to offset earnings and profits accumulated after the date of the transfer.

Section 305(a) of the Code provides that a distribution of stock by a corporation to its shareholders will not be considered gross income to those shareholders. However, Section 305(b)(4) provides that Section 305(a) is inapplicable if the distribution is with respect to preferred stock other than an increase in the conversion ratio of the convertible preferred stock made solely to take into account a stock dividend or stock split with respect to the stock into which such preferred convertible stock is convertible. Further, Section 305(c) provides, in part, that for purposes of Sections 305 and 301 the Secretary shall prescribe regulations under which a difference in the redemption price and issue price shall be treated as a distribution with respect to any shareholders whose proportionate interest in the earnings and profits is increased by such difference.

In the case of the Holding Merger, since it has been represented that the issue price (i.e. fair market value) and redemption price of the MidSouth Series A preferred shares will be equivalent (\$14.25 per share), no redemption premium will be present; therefore, Section 305(b)(4) and (c) of the Code will not apply.

Section 306(a) of the Code provides the general rule applicable to the sale or disposition of Section 306 stock, as defined in Section 306(c). Section 306(a)(1)(A) provides that if such disposition is not a redemption (within the meaning of Section 317(b)), then the amount realized shall be treated as ordinary income; except that to the extent that the amount realized exceeds such stock's ratable share of the amount which would have been a dividend at the time of distribution if (in lieu of Section 306 stock) the corporation had distributed money in an amount equal to the fair market value of the stock at the time of distribution, then Section 306(a)(1)(A) will not apply.

Section 306(a)(2) of the Code provides that if the disposition is a redemption, the amount realized shall be treated as a distribution of property to which Section 301 applies.

Section 306(b)(1) of the Code provides that Section 306(a) shall not apply to any disposition that completely terminates a shareholder's interest in a corporation if either (i) the disposition is not in redemption, the disposition terminates the shareholder's entire stock interest in the corporation (and for this purpose, the attribution rules of Section 318(a) shall apply) and the disposition is not, directly or indirectly, to a person whose ownership is attributable, under Section 318(a), to the shareholder, or (ii) the disposition is in redemption and Sections 302(b)(3) or (4) apply to the transaction (relating to redemptions in complete termination of a shareholder's interest or redemptions from noncorporate shareholders in partial liquidation, respectively).

Section 306(c)(1) of the Code defines Section 306 stock, in part, as meaning (i) stock (other than common stock issued with respect to common stock) which was distributed to the shareholder selling or otherwise disposing of such stock if, by reason of Section 305(a), any part of such distribution was not includible in the gross income of the shareholders, (ii) stock which is not common stock and which was received by the shareholder selling or otherwise disposing of such stock in pursuance of a plan of reorganization (within the meaning of Section 368(a)), with respect to the receipt of which gain or loss to the shareholder was to any extent not recognized by reason of part III of Subchapter C of the Code (relating to the federal income tax effect on shareholders and security holders of corporate organizations and reorganizations), but only to the extent that either the effect of the transaction was substantially the same as the receipt of a stock dividend or the stock was received in exchange for Section 306 stock, or (iii) except as otherwise provided in (ii) above, stock the basis of which (in the hands of the shareholder selling or otherwise disposing of such stock) is determined by reference to

the basis (in the hands of such shareholder or any other person) of Section 306 stock.

Section 302(a) of the Code prescribes the specific tests to be applied in determining whether a distribution in redemption by a corporation is treated as a dividend distribution under Section 301 of the Code or a distribution in part or full payment in exchange for the stock. Thus, if no part of the distribution of money in lieu of a stock distribution by a distributing corporation would be a dividend because of the application of the tests set forth in Section 302(b), the stock distributed will not be Section 306 stock.

Section 4 of Rev. Proc. 77-37, which deals with rulings with respect to convertible stock, states that a ruling will usually be issued to the effect that preferred stock that is convertible into common stock which is received in a reorganization by exchanging shareholders, who will receive no common stock as a result of the reorganization and who in the aggregate will own after the reorganization less than one percent of the common stock of the corporation issuing the convertible preferred stock, will not be "Section 306 stock," within the meaning of Section 306(c) of the Code, provided the convertible preferred stock will be widely held or it is represented that there will not be any conversion of the convertible preferred stock pursuant to a concerted plan which will result in both preferred and common stock being held by an exchanging shareholder.

No MidSouth common stock is being issued to the shareholders of Sugarland as part of the merger of Sugarland into MidSouth. It has been represented by MidSouth and Sugarland that the shareholders of Sugarland who will receive MidSouth Series A preferred stock as a result of the merger of Sugarland with and into MidSouth will own after the merger, in the aggregate, less than one percent of the MidSouth common stock, and there will not be any conversion of the MidSouth Series A preferred stock by such shareholders pursuant to a concerted plan which will result in both MidSouth Series A preferred stock and MidSouth common stock being held by a shareholder of Sugarland. Therefore, based on the IRS' position in Section 4 of Rev. Proc. 77-37, the MidSouth Series A preferred stock should not be "Section 306 stock" in the hands of the shareholders of Sugarland. However, since an advance ruling from the IRS has not been requested, we offer no assurance that the IRS will classify the MidSouth Series A preferred in conformance with Section 4 of Rev. Proc. 77-37. Therefore, we recommend that each shareholder of the MidSouth Series A preferred stock consult his tax advisor.

#### OPINION

Based on the facts set forth above and in the Agreement, the

proxy statement-prospectus contained in the registration statement (Form S-4) filed with the Securities and Exchange Commission on April 7, 1995, the representations of facts as set forth in MidSouth's and Sugarland's letters of representations dated May 30, 1995, it is our opinion that the federal income tax consequences of the proposed merger of Sugarland with and into MidSouth, with MidSouth surviving, and the proposed merger of Sugarland Bank with and into MidSouth Bank, with MidSouth Bank surviving, are as follows:

Holding Merger:

(1) The merger of Sugarland with and into MidSouth, with MidSouth surviving, and with the Sugarland shareholders exchanging their stock for MidSouth Series A preferred stock, will qualify as a reorganization under Section 368(a)(1)(A) of the Code. MidSouth and Sugarland will both be "a party to a reorganization" within the meaning of Section 368(b).

(2) No gain or loss will be recognized by Sugarland upon the transfer of its assets to MidSouth in exchange for MidSouth Series A preferred stock and the assumption by MidSouth of the liabilities of Sugarland, by reason of the application of Sections 361(a) and 357(a) of the Code.

(3) No gain or loss will be recognized by MidSouth on the receipt of Sugarland's assets in exchange for MidSouth Series A preferred stock and the assumption by MidSouth of Sugarland's liabilities, by reason of the application of Section 1032(a).

(4) The basis of the assets of Sugarland in the hands of MidSouth will be the same as the basis of such assets in the hands of Sugarland immediately prior to the reorganization, by reason of the application of Section 362(b) of the Code.

(5) The holding period of the property acquired by MidSouth from Sugarland will include the holding period of such property in the hands of Sugarland immediately prior to the reorganization, by reason of the application of Section 1223(2) of the Code.

(6) No gain or loss will be recognized by Sugarland shareholders upon the exchange of their Sugarland common stock (including fractional share interests that they might otherwise be entitled to receive) solely for MidSouth Series A preferred stock, by reason of the application of Section 354(a)(1) of the Code.

(7) The basis of the MidSouth Series A preferred stock (including fractional share interest that they might otherwise be entitled to receive) to be received by the shareholders of Sugarland will be the same as the basis of the Sugarland stock to be exchanged therefore, by reason of the application of Section 358(a)(1) of the Code.

(8)The holding period of the MidSouth Series A preferred stock (including fractional interests that they might otherwise be entitled to receive) to be received by the Sugarland shareholders will include the holding period of the Sugarland shares to be surrendered in the exchange, provided the Sugarland stock is held as a capital asset on the date of the exchange, by reason of the application of Section 1223(1) of the Code.

(9)As provided in Section 381(a)(2) of the Code and Section 1.381(a)-1(a) of the Regulations, MidSouth will succeed to and take into account as of the close of the day of transfer the items of Sugarland described in Section 381(c) subject to the conditions and limitations specified in Sections 381(b) and 381(c).

(10)As provided in Section 381(c)(2) of the Code and Section 1.381(c)(2)-1 of the Regulations, MidSouth will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sugarland as of the date or dates of transfer. Any deficit in earnings and profits of either MidSouth or Sugarland can be used only to offset earnings and profits accumulated after the date or dates of transfer.

(11)Cash received by a shareholder of Sugarland otherwise entitled to receive a fractional share of MidSouth preferred stock in exchange for his Sugarland stock will be treated as if the fractional shares were distributed as part of the exchange and then were redeemed by MidSouth. These cash payments should be treated as having been received as distributions in full payment in exchange for the stock redeemed as provided in Section 302(a) of the Code. This receipt of cash will result in gain or loss measured by the difference between the basis of such fractional share interest and the cash received. Such gain or loss should be capital gain or loss to the Sugarland shareholder, provided the Sugarland stock was a capital asset in such shareholder's hands and as such, will be subject to the provisions and limitations of Subchapter P of Chapter 1 of the Code (Rev. Rul. 66-365 and Rev. Proc. 77-41).

(12)Where cash is received by a dissenting Sugarland shareholder, such cash will be treated as received by the Sugarland shareholder as a distribution in redemption of his stock, subject to the provisions and limitations of Section 302 of the Code.

(13)Section 305(b)(4) and (c) will not apply to the MidSouth Series A preferred shares.

(14)Based on Section 4 of Rev. Proc. 77-37 MidSouth Series A preferred stock will not be "Section 306 stock" in the hands of the former shareholders of Sugarland. However, since an advanced

ruling was not obtained from the IRS on this issue, each shareholder should consult his own tax advisor.

#### Bank Merger:

(1)The merger of Sugarland Bank with and into MidSouth Bank, with MidSouth Bank surviving, will qualify as a reorganization under Section 368 (a) (1) (A) of the Code. MidSouth Bank and Sugarland Bank will both be "a party to a reorganization" within the meaning of Section 368(b).

(2)No gain or loss will be recognized by Sugarland Bank upon the transfer of its assets to MidSouth Bank in accordance with the Agreement and the assumption by MidSouth Bank of the liabilities of Sugarland Bank, by reason of the application of Sections 361(a) and 357(a) and (c) of the Code.

(3)No gain or loss will be recognized by MidSouth Bank on the receipt of Sugarland Bank's assets in constructive exchange for stock and the assumption by MidSouth Bank of Sugarland Bank's liabilities, by reason of the application of Section 1032(a).

(4)The basis of the assets of Sugarland Bank in the hands of MidSouth Bank will be the same as the basis of such assets in the hands of Sugarland Bank immediately prior to the reorganization, by reason of the application of Section 362(b) of the Code.

(5)The holding period of the property acquired by MidSouth Bank from Sugarland Bank will include the holding period of such property in the hands of Sugarland Bank immediately prior to the reorganization, by reason of the application of Section 1223(2) of the Code.

(6)No gain or loss will be recognized by MidSouth upon the constructive exchange of MidSouth Bank stock for Sugarland Bank's common stock, by reason of the application of Section 354(a) (1) of the Code.

(7)The basis of the MidSouth Bank common stock held by MidSouth after the bank merger will be the same as the basis in the stock immediately before the merger, plus its basis in the Sugarland Bank stock canceled in the merger by reason of Section 358(a).

(8)The holding period of the MidSouth Bank stock constructively received by MidSouth in the transaction will include the period in which the Sugarland Bank stock was held by MidSouth provided the Sugarland Bank stock was held as a capital asset on the date of the exchange by reason of Section 1223(1).

(9)As provided in Section 381(a) (2) of the Code and Section 1.381(a)-1(a) of the Regulations, MidSouth Bank will succeed to



and take into account as of the close of the day of transfer the items of Sugarland Bank described in Section 381(c), subject to the conditions and limitations specified in Section 381(b) and 381(c).

(10)As provided in Section 381(c)(2) of the Code and Section 1.381(c)(2)-1 of the Regulations, MidSouth Bank, as the deemed survivor, will succeed to and take into account the earnings and profits, or deficit in earnings and profits, of Sugarland Bank as of the date or dates of transfer. Any deficit in earnings and profits of either MidSouth Bank or Sugarland Bank can be used only to offset earnings and profits accumulated after the date or dates of transfer.

This opinion is based solely upon:

- a.The representations, information, documents, and facts ("representations") that we have included or referenced in this opinion letter;
- b.Our assumptions (without independent investigation or review) that all of the representations and all of the original, copies, and signatures of documents are accurate, true and authentic;
- c.Our assumption (without independent investigation or review) that there will be timely execution and delivery of, and performance as required by the representations and documents;
- d.The understanding that only the issues and tax consequences opined upon herein are covered by this tax opinion; and
- e.The law, regulations, cases, rulings and other tax authority in effect as of the date of this letter.

If there are any significant changes of the foregoing tax authorities (for which we have no responsibility to advise you), it may result in our opinion being rendered invalid, or necessitate (upon your request) a reconsideration of the opinion.

We note that the federal income tax consequences to the parties involved relating to the transactions described herein are complex and subject to varying interpretations. Thus, we give no assurance that the Service or the courts would ultimately resolve the issues discussed herein in agreement with our opinion.

This opinion letter is solely for the information of MidSouth, MidSouth Bank, Sugarland, and Sugarland Bank, and the information of their respective shareholders and inclusion in the S-4 document relating to the transaction described herein to be filed with the Securities and Exchange Commission. Other than the uses indicated in the preceding sentence, this opinion may not be



relied upon, distributed, or disclosed by anyone without prior written consent of Deloitte & Touche LLP. While this opinion letter represents our considered judgment as to the proper tax treatment to the parties involved, it is not binding on the IRS or the courts.

Very truly yours,

Deloitte & Touche LLP

MIDSOUTH BANCORP, INC.  
1994 ANNUAL REPORT  
FIVE-YEAR SUMMARY OF SELECTED  
CONSOLIDATED FINANCIAL DATA

<TABLE>  
<CAPTION>

	Year Ended December 31,				
	1994	1993	1992	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>
Gross interest income	\$7,388,478	\$6,369,047	\$6,678,326	\$7,697,768	\$8,299,514
Interest expense	(1,976,101)	(1,803,934)	(2,411,228)	(3,739,702)	(4,298,798)
Net interest income	5,412,377	4,565,113	4,267,098	3,958,066	4,000,716
Provision for loan losses	(210,000)	(306,500)	(365,000)	(518,500)	(2,317,859)
Other operating income	1,422,894	1,371,124	1,108,138	1,103,859	933,441
Other expenses	(4,882,130)	(4,653,303)	(4,105,639)	(4,102,594)	(4,301,411)
Net income (loss) before extraordinary item and cumulative effect of accounting change	1,743,141	976,434	904,597	440,831	(1,685,113)
Provision for income taxes	(601,500)	(331,500)	(311,500)	(151,000)	-
Extraordinary item	-	-	311,500	151,000	-
Cumulative effect of accounting change	-	600,000	-	-	-
Net Income (Loss)	\$1,141,641	\$1,244,934	\$904,597	\$440,831	(\$1,685,113)
Net Income (Loss) Per Share<FN1>	\$1.61	\$1.93	\$1.46	\$0.81	(\$3.23)
Total Loans	60,432,275	49,786,123	40,374,221	40,166,914	44,951,314
Total Assets	103,965,960	97,695,512	85,141,634	81,445,937	82,569,442
Total Deposits	96,490,355	90,411,946	80,166,500	77,384,015	79,161,741
Cash Dividends	-	-	-	-	-
Long-term Obligations<FN2>	1,195,917	786,164	953,820	982,897	1,039,245
Selected Ratios:					
Loans to Assets	58.13%	50.96%	47.42%	49.32%	54.44%
Loans to Deposits	62.63%	55.07%	50.36%	51.91%	56.78%
Deposits to Assets	92.81%	92.54%	94.16%	95.01%	95.87%
Return on Average Assets<FN3>	1.12%	1.13%	1.10%	0.54%	(2.03%)
Return on Average Equity<FN3>	20.98%	22.88%	31.33%	22.35%	(60.44%)

</TABLE>

<FN1> Earnings per share have been adjusted to reflect a stock dividend of 5% paid by the Company on February 18, 1994 to shareholders of record on February 4, 1994.

<FN2> Long-term obligations include ESOP borrowing and, in 1994, FHLB borrowings.

<FN3> Exclusive of extraordinary item and cumulative effect of accounting change for the year ended December 31, 1993.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MidSouth Bancorp, Inc. ("MidSouth") is a one-bank holding company that conducts substantially all of its business through its wholly-owned subsidiary, MidSouth National Bank (the "Bank"). Following is management's discussion of factors that management believes are among those necessary for an understanding of MidSouth's financial statements. The discussion should be read in conjunction with MidSouth's financial statements and the notes thereto presented herein.

OVERVIEW

MidSouth reported net income for 1994 of \$1,141,641 (\$1.61 per share) compared to 1993 net income of \$1,244,934 (\$1.93 per share). However, net income for 1993 included a \$600,000 one-time benefit resulting from the cumulative effect of accounting change that called for recording deferred tax assets in the first quarter of 1993. Net income for 1993 net of the one-time benefit totalled \$644,934 (\$1.00 per share). Return on average assets and return on average equity (exclusive of cumulative effect of accounting change) were 1.12% and 20.98% for 1994 and 1.13% and 22.88% for 1993.

Net interest income increased \$847,264 in 1994. The increase resulted primarily from significant loan growth which contributed to an 18% increase in average earning assets. Total loans increased \$10.6 million from \$49.8 million at December 31, 1993 to \$60.4 million at December 31, 1994. This growth resulted from increased demand and the efforts of MidSouth's increased loan officer staff during the entire year of 1994.

MidSouth's deposits grew \$6.1 million, from \$90.4 million at December 31, 1993 to \$96.5 million at December 31, 1994 as a result of deposits that accompanied new loan relationships and a continued effort by management to improve customer service through increased training of personnel.

Because of improved asset quality, MidSouth was able to reduce provisions for loan losses and net expenses on other real estate. Provisions for loan losses decreased \$96,500 and net expenses on other real estate declined \$68,349. Non-performing assets (net of reserve for possible real estate write-downs) and loans past due 90 days or more were \$552,103 at December 31, 1994, down \$244,478 from \$796,581 a year earlier. The Allowance for Loan and Lease Losses ("ALLL") amounted to \$873,934 at December 31, 1994, or 1.45% of total loans and leases, compared to \$824,329, or 1.66% of total loans and leases at December 31, 1993.

On February 18, 1994, MidSouth paid a 5% stock dividend to shareholders of record on February 4, 1994. The dividend increased MidSouth's common stock outstanding as of February 18, 1994 from 671,806 shares to 705,327 shares. MidSouth's earnings per share and other per share data have been adjusted to reflect the stock dividend.

On December 29, 1994, MidSouth announced an agreement to acquire Sugarland State Bank and anticipates that this transaction will be completed by the end of the second quarter of 1995, if all conditions are met. The Board of Directors of MidSouth will delay consideration of paying dividends in 1995 until after the completion of the Sugarland acquisition. The board intends after completion of the transaction to consider payment of stock and cash dividends on MidSouth's common stock during the third quarter of 1995. Cash dividends will be subject to payment of dividends on the preferred stock to be issued in conjunction with the acquisition, as well as other considerations.

#### EARNINGS ANALYSIS

##### Net Interest Income

The primary source of earnings for MidSouth is net interest income, which is the difference between interest earned on loans and investments and interest paid on deposits and other liabilities. Changes in the volume and mix of earning assets and interest-bearing liabilities combined with changes in market rates of interest greatly affect net interest income. Tables 1 and 2 analyze the changes in net interest income for the three years ended December 31, 1994.

Net interest income increased \$847,264 for 1994 over 1993 and \$298,015 for 1993 over 1992. The increase in net interest income in 1994 resulted primarily from growth in MidSouth's loan portfolio. While loan growth also had a positive impact on 1993 net interest income, the \$298,015 increase over 1992 resulted primarily from a decline in the average rate paid on interest-bearing deposits.

Interest income from loans, including loan fees, increased \$837,508 from 1993 to 1994 and \$230,264 from 1992 to 1993. The increased interest income for both years resulted from increases in average loan volume of \$5.2 million in 1993 and \$10.4 million in 1994. Decreases in average yields on loans of 75 basis points and 43 basis points lessened the impact of the volume increases in 1993 and 1994, respectively.

A \$5.1 million increase in the average volume of securities for 1994 resulted in increased interest income from MidSouth's securities portfolio for the year despite a 34 basis point decline in the average yield. Lower market rates and higher principal prepayment rates caused decreases in the average yield and volume of securities for 1993 over 1992. Accordingly, interest income from securities decreased \$574,674 for the same twelve month period.

Table 1 -- Average Balance Sheets and Interest Rate Analysis (in thousands)

	1994			1993			1992		
	Average Volume	Interest	Average Yield/Rate	Average Volume	Interest	Average Yield/Rate	Average Volume	Interest	Average Yield/Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<b>ASSET</b>									
Interest Bearing Deposits	\$99	\$4	4.04%	\$0	\$0	0.00%	\$4	\$1	0.00%
Investment Securities <FN1>									
Taxable	33,590	1,772	5.28%	28,577	1,597	5.59%	31,998	2,168	6.78%
Tax Exempt <FN2>	27	2	7.81%	78	9	12.03%	110	14	12.73%
Total Investments	33,716	1,778	5.27%	28,655	1,606	5.61%	32,112	2,182	6.79%
Federal Funds Sold and Securities Purchased Under Agreements to Resell	3,730	147	3.94%	4,971	139	2.80%	3,369	104	3.09%
Loans <FN3>									
Commercial and Real Estate	42,192	4,018	9.52%	33,354	3,310	9.92%	28,509	3,019	10.59%
Installment	13,409	1,445	10.78%	11,770	1,316	11.18%	11,442	1,377	12.03%
Total Loans	55,601	5,463	9.82%	45,124	4,626	10.25%	39,951	4,396	11.00%
Total Earning Assets	93,047	7,388	7.94%	78,750	6,371	8.09%	75,432	6,683	8.86%
Allowance for Loan and Lease Losses	(836)			(824)			(903)		
Nonearning Assets	9,336			8,556			7,767		
Total Assets	\$101,547			\$86,482			\$82,296		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>									
NOW, Money Market, and Savings	32,030	680	2.12%	25,995	600	2.31%	25,546	792	3.10%
Certificates of Deposits	34,134	1,200	3.52%	32,355	1,130	3.49%	34,377	1,539	4.48%
Total Interest Bearing Deposits	66,164	1,880	2.84%	58,350	1,730	2.96%	59,923	2,331	3.89%
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	978	39	3.99%	582	14	2.41%	499	16	3.21%
Notes Payable	630	57	9.05%	931	60	6.40%	971	64	6.59%
Total Interest Bearing Liabilities	\$67,772	\$1,976	2.92%	\$59,863	\$1,804	3.01%	\$61,393	\$2,411	3.93%
Demand Deposits	28,000			22,116			17,744		
Other Liabilities	332			236			272		
Stockholders' Equity	5,443			4,267			2,887		
Total Liabilities and Stockholders' Equity	\$101,547			\$86,482			\$82,296		
<b>NET INTEREST INCOME AND NET INTEREST SPREAD</b>									
		\$5,412	5.02%		\$4,567	5.08%		\$4,272	4.93%
<b>NET YIELD ON EARNING ASSETS</b>									
			5.81%			5.80%			5.66%

</TABLE>

<FN1> Securities classified as held for sale are included in average balances and interest income figures reflect interest earned on such securities.

<FN2> Interest and yields on tax exempt obligations are shown on a tax equivalent basis using a 34% tax rate.

<FN3> Interest income includes loan fees of \$324,757 for 1994, \$264,321 for 1993, and \$230,839 for 1992. Nonaccrual loans are included in average balances and income on such loans is recognized on a cash basis.

Throughout 1992, 1993 and 1994, MidSouth continued to improve the mix of average earning assets as average loan volume increased from 53% to 57% to 60% of average earning assets, respectively. This trend reflects increased quality loan demand and management's commitment to offer competitive loan products while maintaining conservative credit criteria.

In 1993, the average rate paid on interest-bearing deposits decreased 93 basis points to 2.96% from 3.89% in 1992. A further decrease of 12 basis points in 1994 lowered the average rate paid to 2.84%. However, a 13.4% increase in the average volume of interest-bearing deposits in 1994 resulted in a 10% increase in interest expense for the year. MidSouth continued to strengthen its non-interest bearing deposit base during 1994, with 29.7% of average total deposits in non-interest bearing demand. These demand accounts represented 27.5% and 22.8% of average total deposits in 1993 and 1992, respectively.

These changes in MidSouth's earning assets and interest-bearing liabilities combined with changes in interest rates resulted in net yields on average earning assets of 5.81% for 1994, as compared to 5.80% for 1993 and 4.93% for 1992.

#### Non-Interest Income

Excluding Securities Transactions. Service charges and fees on deposit accounts represent the primary source of non-interest income for MidSouth. Income from service charges and nonsufficient funds fees increased \$134,357 in 1994 and \$140,591 in 1993 primarily due to an increase in the number of transaction accounts serviced by MidSouth. The total number of transaction accounts increased from 6,041 in 1992 to 6,826 in 1993 and to 7,394 at year-end 1994. Non-interest income resulting from other charges and fees increased \$126,701 in 1994 as compared to a 1993 increase of \$26,221. Increases of \$37,510 in fees earned through the sale of credit life insurance, \$31,800 in lease income on the former Pinhook Branch building, \$24,490 in check order fees and \$15,000 in lease income from a third party offering investment services to customers contributed to the increased non-interest income for 1994.

Securities Transactions. Rising rates and falling market prices greatly impacted activity within the securities portfolio during 1994. Net gains on sales of securities decreased \$209,288 from 1993 to 1994 primarily due to limited sales activity within the securities portfolio. In 1993, MidSouth realized gains on sales of several fixed rate mortgage-backed securities and on U.S. Treasury notes with remaining maturities of six months to nine months. Also, in September of 1993, MidSouth sold a security for \$152,350 that had previously been partially written down to \$100,000, resulting in a recovery of \$52,350 on the security.

#### Non-interest Expense

Total non-interest expense increased 4.92% from 1993 to 1994 and 13.33% from 1992 to 1993. The increase in 1994 resulted primarily from increases in salaries and employee benefits, occupancy expenses and marketing expenses.

Salaries and employee benefits increased 10.80% from 1993 to 1994 compared to an increase of 13.60% from 1992 to 1993. The increase in 1994 resulted primarily from increases in incentive compensation awarded to officers and employees of the Bank and from an increase in the number of full-time equivalent employees from 76 in 1993 to 81 in 1994. The increase in 1993 was due primarily to the introduction of an officer incentive program, salary adjustments effective January 1, 1993, and to the hiring of three additional commercial lenders during the first half of 1993.

Occupancy expenses increased 19.45% from 1993 to 1994 as a result of increases in building lease expense, depreciation and maintenance expenses associated with furniture and equipment, and ad valorem taxes. Building lease expense increased primarily due to an increase provided for in the lease agreement on the corporate office location. In November of 1994, MidSouth leased additional space and remodeled the corporate office location to provide for additional office space and a training facility. As a result, building lease expense and depreciation expense related

to leasehold improvements are expected to increase in 1995. Other projects completed during 1994 that are expected to increase occupancy expense in 1995 included the installation of a local area personal computer network (a "Novell" network) at the corporate office and renovation of the Breaux Bridge branch facility.

Fixed asset additions resulting in increased occupancy expenses in 1993 included additional drive-in lanes and automated teller machines. Also, the installation of an automated system for the processing of new accounts resulted in the purchase of additional computer hardware and software during the second quarter of 1993.

During the third quarter of 1993, MidSouth contracted with an accounting and consulting firm to perform an information systems review. The review resulted in a five year technology plan to improve information systems and product offerings. As proposed in the plan, MidSouth purchased in 1994 a Novell network system and in 1995 will purchase a new data processing hardware system and software package to be installed during the third quarter of 1995. As a result, management expects data processing expenses to increase in 1995.

Table 2 -- Interest Differentials (in thousands)

<TABLE>  
<CAPTION>

	1994 OVER 1993				1993 OVER 1992			
	Total Increase (Decrease)	Change Attributable To Volume	Change Attributable To Rates	Change Attributable to Volume/Rates	Total Increase (Decrease)	Change Attributable To Volume	Change Attributable To Rates	Change Attributable to Volume/Rates
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest Earning Assets:								
Interest Bearing Deposits	4	-	-	4	(1)	-	(1)	-
Investment Securities								
Taxable	175	280	(89)	(16)	(571)	(231)	(379)	39
Tax Exempt	(7)	(6)	(4)	3	(5)	(3)	(1)	(1)
Federal Funds Sold and Securities Purchased Under Agreement to Resell	8	(35)	57	(14)	35	50	(10)	(5)
Loans, including fees	834	1,074	(195)	(45)	230	569	(300)	(39)
<b>TOTAL</b>	<b>1,014</b>	<b>1,313</b>	<b>(231)</b>	<b>(68)</b>	<b>(312)</b>	<b>385</b>	<b>(691)</b>	<b>(6)</b>
Interest Bearing Liabilities:								
Interest Bearing Deposits	150	232	(72)	(10)	(601)	(61)	(557)	17
Federal Funds Purchased and Securities Sold Under Agreement to Repurchase	25	10	9	6	(2)	3	(5)	-
Notes Payable	(3)	(20)	24	(7)	(4)	(3)	(1)	-
<b>TOTAL</b>	<b>172</b>	<b>222</b>	<b>(39)</b>	<b>(11)</b>	<b>(607)</b>	<b>(61)</b>	<b>(563)</b>	<b>17</b>
Net Interest Income Before Allocation of Rates/Volume	842	1,091	(192)	(57)	295	446	(128)	(23)
Allocation of Rates/Volume	-	(65)	8	57	-	(28)	5	23
<b>CHANGES IN NET INTEREST INCOME</b>	<b>\$842</b>	<b>\$1,026</b>	<b>(\$184)</b>	<b>\$0</b>	<b>\$295</b>	<b>\$418</b>	<b>(\$123)</b>	<b>\$0</b>

</TABLE>

NOTE: Changes in interest income are presented on a tax-equivalent basis. The changes in interest due to both volume and rate have been allocated proportionally between volume and rate. In addition, nonaccrual loans and leases are included.

While MidSouth's rate for FDIC premiums was lowered on July 1, 1993 due to an improvement in risk classification, the premiums increased slightly from 1993 to 1994 due to the increase in total deposits. FDIC premiums increased \$34,777 from 1992 to 1993 due to an increase in the assessment rate for that year.

Professional fees consist of legal, accounting and regulatory fees. In 1994, professional fees decreased \$41,986 primarily due to non-recurring costs during the third quarter of 1993

associated with the listing of MidSouth's common stock and with registration under the securities laws of the common stock underlying existing warrants. Net of these non-recurring costs, minimal increases were reported in professional fees in 1994.

Marketing expenses increased \$30,131 from 1993 to 1994 due to expenses related to the quality service program and increased newspaper and billboard advertisement. The increase from 1992 to 1993 of \$71,694 resulted from costs associated with a loan promotion, billboard advertisement for Saturday banking, production costs for television advertising and an increase in community donations.

Decreases of \$68,349 and \$48,140 were reported in net expenses on Other Real Estate Owned (OREO) for 1994 and 1993, respectively. The decrease in 1994 resulted from disposal of high maintenance properties during 1993 and a reduction in collection costs on related loans. The decrease in 1993 resulted primarily from a reduction in losses on sales of OREO. Losses on sales totalled \$47,031 in 1992 as compared to \$5,444 in 1993.

#### Income Taxes

With the exception of the impact of adopting Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109") in 1993, MidSouth's tax expense has been consistent at a rate of approximately 34% for the three years ended December 31, 1994. Note 1 and Note 10 to MidSouth's Consolidated Financial Statements provide additional information regarding the adoption of SFAS 109 and MidSouth's income tax considerations.

#### BALANCE SHEET ANALYSIS

##### Securities

MidSouth's securities portfolio (including both held for maturity and available for sale securities) decreased \$2.9 million from year-end 1993 to year-end 1994, although the average volume of securities for 1994 was \$5.1 million more than in 1993. In contrast, the securities portfolio increased \$4.0 million from year-end 1992 to year-end 1993, while the average volume of securities for 1993 was \$3.5 million less than in 1992. The increase in average volume for 1994 resulted primarily from purchases made in December of 1993 of \$2.0 million in mutual funds and \$2.4 million in mortgage-backed securities. The decrease in average volume of securities for 1993 was due to an increased volume of prepayments on mortgage-backed securities combined with maturities and calls. During 1993 and 1994, cash flows from principal payments on mortgage-backed securities, maturities and calls were invested primarily in higher-yielding loans. The decrease in total securities held as of December 31, 1994 resulted from minimal purchase activity in the portfolio and a decrease in the market value of the available for sale portfolio due to rising interest rates.

As of December 31, 1993, all securities were designated available for sale with a net unrealized gain of \$445,000 and related deferred tax liability of \$151,300. During 1994, treasury bills purchased by MidSouth and \$250,000 in City of Breau Bridge municipals purchased by the Bank were designated held to maturity. As of December 31, 1994, securities available for sale were recorded at an unrealized loss of \$1,403,000. While the net unrealized loss on securities available for sale is required to be reflected as a reduction of reported stockholders' equity, it does not affect operating results. In addition, the Office of the Comptroller of the Currency ("OCC") has ruled that unrealized gains or losses have no effect on the Bank's regulatory capital ratios. Management has no intent to sell any of its securities held in the available for sale portfolio in 1995 that would result in significant loss and adversely affect earnings.

Other than U.S. Treasury or agency securities, MidSouth held three collateralized mortgage obligations ("CMO's") in the available for sale category with book values in excess of 10% of stockholders' equity at December 31, 1994: a Chase Mortgage Finance Corp 1993H IIA-3 with a book value of \$2,093,179 (market value of \$1,973,738), a GE Capital Mortgage Services, Inc. 1993-14 A4 with a book value of \$2,012,836 (market value of \$1,776,860), and a GE Capital Mortgage Services REMIC 93-19 CL A4 with a book value of \$999,375 (market value of \$873,120). All three CMO's are Aaa rated and are not considered "high-risk" securities under the Federal Financial Institutions Examination Council ("FFIEC") tests. MidSouth does not own any "high-risk"

securities as defined by the FFIEC.

Average balances of federal funds sold totaled \$3.4 million, \$5.0 million, and \$3.7 million for the three years ended December 31, 1994. Deposits received through a deposit incentive program during the fourth quarter of 1993 resulted in the increased volume in federal funds sold for that year.

#### Loan Portfolio

MidSouth experienced substantial loan growth for the years ended December 31, 1993 and 1994. Total loans grew from \$40,374,221 at year-end 1992 to \$49,786,123 at year-end 1993 and to \$60,432,275 at year-end 1994. Of the \$10.6 million increase in 1994, approximately \$6.8 million represents growth in the commercial and real estate loan portfolios. Commercial loan growth was stimulated by construction and expansion in the market area. MidSouth utilized the Small Business Administration ("SBA") 504 program to lessen the risk of a decline in future real estate values. The SBA 504 program allows the Bank to finance 50% of a project with a first lien position rather than the usual 80%. The SBA funds a portion of the project, taking a second lien position. This position allows for a higher quality commercial real estate portfolio for the Bank.

Growth in the commercial portfolio during 1994 also included \$784,779 funded through the Business Manager program introduced in December of 1993. The Business Manager program provides MidSouth's business customers with an accounts receivable system through which the Bank purchases the customers' accounts receivables on a discounted basis and handles all accounting, billing, and collection of the receivables.

MidSouth also experienced substantial growth in the commercial loan portfolio during 1993. A total of \$6.3 million of the \$9.4 million increase in loans from 1992 to 1993 occurred in the commercial portfolio. The growth resulted primarily from the efforts of three experienced commercial loan officers hired during the first half of 1993, who were able to transfer previously managed relationships from other financial institutions.

MidSouth's installment loans to individuals experienced growth of \$3.0 million in 1994. The majority of the growth occurred in the first six months of 1994 due to strong loan demand and a loan promotion that targeted MidSouth's consumer market. The growth consisted primarily of automobile loans and loans secured by second mortgages. From 1992 to 1993, the average volume of installment loans remained substantially the same.

Activity in the commercial lease financing portfolio increased during 1994 as the quantity and quality of lease paper presented by the leasing companies improved. As a result, the portfolio recorded an increase of \$861,041 for the year-ended December 31, 1994. Activity had slowed during 1993 due to a decline in the quality of leasing paper.

#### Asset Quality

Credit Risk Management. MidSouth manages its credit risk by diversifying its loan portfolio, determining that borrowers have adequate cash flows for loan repayment, obtaining and monitoring collateral and continuously reviewing outstanding loans. The risk management program requires that each individual loan officer review his or her portfolio on a quarterly basis and recommend credit gradings on each loan. The senior loan officer and loan review officer review the gradings. In addition, the loan review officer performs an independent evaluation annually of each commercial loan officer's portfolio and a random sampling of credits in MidSouth's installment loan portfolio.

In addition to the internal reviews of the loan portfolio, U. S. Banking Alliance, a bank consulting firm performs an annual review of the loan portfolio.

Nonperforming Assets. Table 3 contains information about MidSouth's nonperforming assets and loans past due 90 days or more and still accruing.

Nonperforming assets totalled \$448,043 at December 31, 1994, a 32% decrease from \$661,069 at December 31, 1993. The decrease in nonperforming assets resulted primarily from continued improvement in asset quality and the sale of three parcels of other real estate owned ("OREO").



Nonaccrual loans decreased \$108,440, from \$353,240 at December 31, 1993 to \$244,800 at December 31, 1994. Loans to commercial borrowers are placed on nonaccrual when principal or interest is 90 days past due, or sooner if the full collectability of principal or interest is doubtful, except if the underlying collateral supports both the principal and accrued interest and the loan is in the process of collection. Retail loans that become 120 days past due are routinely charged off. Loans classified for regulatory purposes but included in Table 3 do not represent material credits about which management has serious doubts as to the ability of the borrower to comply with the loan repayment terms.

Allowance for Loan and Lease Losses. Provision expense decreased during the three years ended December 31, 1994. Provisions totalling \$210,000, \$306,500, and \$365,000 for the years 1994, 1993 and 1992, respectively, were necessary to bring the ALLL to a level considered by management to be sufficient to cover potential losses in the loan portfolio.

TABLE 3  
Nonperforming Assets and Loans Past Due 90 Days

<TABLE>  
<CAPTION>

	December 31, 1994	December 31, 1993
<S>	<C>	<C>
Nonperforming loans		
Nonaccrual loans	\$244,800	\$353,240
Restructured loans	4,893	6,258
Total nonperforming loans	249,693	359,498
Other real estate owned	198,350	297,071
Other assets repossessed	-	4,500
Total nonperforming assets	\$448,043	\$661,069
	=====	=====
Loans past due 90 days or more and still accruing	104,060	135,512
Nonperforming loans as a % of total loans	0.41%	0.72%
Nonperforming assets as a % of total loans, other real estate owned and other assets repossessed	0.74%	1.32%
ALLL as a % of nonperforming Loans	350.00%	229.30%

</TABLE>

Improved trends in loan loss experience and the volume of past due and nonaccrual loans have decreased the amount of provisions necessary to achieve sufficient ALLL levels. Table 4 analyzes activity in the ALLL for 1993 and 1994.

Quarterly evaluations of the ALLL are performed in accordance with Section 217 of the OCC's manual and Banking Circular 201. Factors considered in determining provisions include estimated future losses in significant credits; known deterioration in concentrations of credit; historical loss experience; trends in nonperforming assets; volume, maturity and composition of the loan portfolio; off balance sheet credit risk; lending policies and control systems; national and local economic conditions; the experience, ability and depth of lending management and the results of examinations of the loan portfolio by regulatory agencies and others. The process by which management determines the appropriate level of the ALLL, and the corresponding provision for possible credit losses, involves considerable judgment; therefore, no assurance can be given that future losses will not vary from current estimates.

Table 4 -- Summary of Loan Loss Experience (in thousands)

	1994	1993
<S>	<C>	<C>
Balance at Beginning of Year	\$824	\$837
Charge-offs		
Commercial, Financial, and Agricultural	93	290
Real Estate - Construction	-	-
Real Estate - Mortgage	-	107
Installment Loans to Individuals	212	131
Other	-	-
Lease Financing Receivables	21	-
Total Charge-offs	326	528
Recoveries		
Commercial, Financial and Agricultural	26	91
Real Estate - Construction	-	-
Real Estate - Mortgage	58	11
Installment Loans to Individuals	82	107
Other	-	-
Lease Financing Receivables	-	-
Total Recoveries	166	209
Net Charge-Offs	160	319
Additions to allowance charged to operating expense	210	306
Balance at end of year	\$874	\$824
Ratios		
Net charge-offs to average loans	0.29%	0.71%
Balance in allowance at year-end to outstanding loans at year-end	1.45%	1.66%

&lt;/TABLE&gt;

Refer to "Balance Sheet Analysis -- Asset Quality -- Allowance for Loan and Lease Losses" for a description of the factors which influence management's judgement in determining the amount of the provisions to the allowance.

<TABLE>  
<CAPTION>

Allowance for Loan Loss Reserve	1994		1993	
		% of category to total loans		% of category to total loans
<S>	<C>	<C>	<C>	<C>
Commercial, Financial, and Agricultural	\$105	41.58%	\$135	39.34%
Real Estate - Construction	-	2.10%	-	2.55%
Real Estate - Mortgage	-	27.88%	30	32.19%
Installment Loans to Individuals	-	24.19%	15	22.55%
Other	-	0.19%	-	0.11%
Lease Financing Receivables	-	4.06%	-	3.26%
Unallocated	769		644	
	\$874	100.00%	\$824	100.00%
	=====		=====	

&lt;/TABLE&gt;

## Sources of Funds

Deposits. MidSouth's deposits grew \$6.1 million, from \$90.4 million at year-end 1993 to \$96.5 million at year-end 1994. The increase resulted primarily from deposits that accompanied new loan relationships and the continued efforts by management to reinforce quality customer service through on-going training of personnel. Substantial deposits from transferred loan relationships also contributed to the increase in deposits for

the year-end 1993 as compared to year-end 1992. These deposits, combined with those resulting from a deposit incentive program held during the fourth quarter of 1993, contributed to an increase of \$10.2 million in 1993.

As reflected in Table 1, for the three years ended December 31, 1994, MidSouth continued the trend of improvement in the mix of deposits. The average volume of Certificates of Deposit decreased in the three year period, while NOW, Money Market and Savings and non-interest bearing deposits increased. The mix of deposits reflects MidSouth's practice of offering lower rates on Certificates of Deposits, while maintaining competitive rates on NOW, Money Market and Savings accounts.

Core deposits, defined as all deposits other than time deposits of \$100,000 or more, averaged \$66.9 million, \$70.3 million and \$83.9 million for the three years ended 1992, 1993 and 1994, respectively. The percentage of average core deposits to average total deposits was 86.1%, 87.4% and 89.1% for the same periods, respectively.

The average volume of time deposits of \$100,000 or more reflected low volatility with averages of \$10.8 million in 1992 and \$10.2 million in both 1993 and 1994. MidSouth has no brokered deposits. Although time deposits of \$100,000 can exhibit greater volatility due to changes in interest rates and other factors than do core deposits, management believes that any volatility experienced could be adequately met with current levels of asset liquidity or access to alternate funding sources. Additional information on MidSouth's deposits appears in Note 6 to MidSouth's Consolidated Financial Statements.

Borrowed Funds. As of December 31, 1993, MidSouth maintained two repurchase agreements totalling \$758,675. During 1994, funds representing one of the agreements were withdrawn, leaving a balance at December 31, 1994 of \$301,730 in the remaining repurchase agreement. Long term borrowings included a note payable to a financial institution with a remaining principal balance of \$578,980 at December 31, 1994. Also included in long term borrowings is a note payable by the MidSouth Bancorp, Inc. Employee Stock Ownership Plan (the "ESOP") to an unaffiliated bank, with a principal balance at December 31, 1994 of \$73,021. Additionally, \$544,916 in funds borrowed from the Federal Home Loan Bank of Dallas (the "FHLB") are recorded as long term borrowings for the period ended December 31, 1994. Additional information regarding the notes payable is provided in Note 7 to MidSouth's Consolidated Financial Statements.

In December 1994, the ESOP renewed its note payable at a fixed rate of 9.50% payable in monthly installments of \$2,200 with payment in full due on December 10, 1995. The ESOP has pledged approximately 44,317 shares of MidSouth Common Stock to secure the loan. The ESOP obligation is included in MidSouth's notes payable, with a corresponding reduction of stockholders' equity, because the primary source of loan repayment is contributions by the Bank to the ESOP; however, the loan is not guaranteed by either the Bank or MidSouth.

During 1994, the Bank used its membership in the FHLB to match borrowed funds with several mortgage loan fundings. The borrowings range from five to seven years in maturity. The average rate paid on the borrowed funds is 6.80%. The Bank received approval to become a member of the FHLB in September of 1993, but no funds were borrowed during 1993.

Capital. Substantial earnings for 1994 improved capital ratios for MidSouth and the Bank. As of December 31, 1994, Tier 1 capital to average adjusted assets (the "leverage ratio") was 6.45% as compared to 5.94% at December 31, 1993. Tier 1 capital to risk weighted assets was 10.95% and 10.56% for 1994 and 1993, respectively. Total capital to risk weighted assets was 12.20% and 11.81%, respectively, for the same periods. All ratios were above the minimums required by federal regulations.

The Federal Deposit Insurance Corporation Improvement Act of 1991 established a capital-based supervisory system for all insured depository institutions that imposes increasing restrictions on the institution as its capital deteriorates. In December 1993, the Bank's classification improved to "well capitalized" as a result of the termination of a written agreement with the OCC. The Bank continued to be classified as "well capitalized" throughout 1994 and also improved its supervisory subgroup rating. No significant restrictions are placed on the Bank as a

result of this classification.

As discussed under the heading "Balance Sheet Analysis - Securities," \$1,403,000 in unrealized losses on securities available for sale net of a deferred tax asset of \$477,000 were recorded as a reduction of stockholders' equity as of December 31, 1994. In contrast, \$445,000 in unrealized gains on securities available for sale net of a deferred tax liability of \$151,300 were recorded as an increase in stockholders' equity as of December 31, 1993. While the net unrealized gain or loss on securities available for sale is required to be reported as a separate component of stockholders' equity, it does not affect operating results or regulatory capital ratios. The net unrealized losses reported for December 31, 1994 did, however, have an adverse effect on MidSouth's equity to assets ratio for financial reporting purposes, which declined from 5.60% for 1993 to 5.17% for 1994.

Interest Rate Sensitivity. Interest rate sensitivity is the sensitivity of net interest income to changes in market rates of interest. The initial step in the process of monitoring MidSouth's interest rate sensitivity involves the preparation of a basic "gap" analysis of earning assets and interest-bearing liabilities as seen in Table 5. The analysis presents differences in the repricing and maturity characteristics of earning assets and interest-bearing liabilities for selected time periods.

With the exception of NOW, Money Market and Savings deposits, the table presents fixed rate earning assets and interest-bearing liabilities on a contractual basis. Variable rate instruments are presented according to MidSouth's ability to reprice the instruments. While NOW, Money Market and Savings deposits are contractually due on demand, historically, MidSouth has experienced stability in these deposits despite changes in market rates. Presentation of these deposits in the table, therefore, reflects delayed repricing throughout a twelve-month period.

Estimated cash flows from payments received on loans and mortgage-backed securities are presented on the management adjustment line. Management believes the estimated cash flows represent a material volume of funds available for repricing, and therefore, the management adjusted gap more accurately represents MidSouth's interest rate sensitivity position. The resulting cumulative management adjusted gap at one year is approximately (\$1,258,000), which indicates MidSouth's earning assets and interest-bearing liabilities are slightly mismatched at December 31, 1994. However, the ratio of the cumulative management adjusted gap to total assets of (1.21%) is well within MidSouth's policy guidelines. In this position, theoretically, changes in market rates would have little impact on MidSouth's earnings. Since conditions change on a daily basis, however, these conclusions may not be indicative of future results.

Table 5 -- Interest Rate Sensitivity Table December 31, 1993 (in thousands)

<TABLE>  
<CAPTION>

	<3MOS	3MOS-6MOS	6MOS-12MOS	1 - 5YRS	> 5YRS	Non-interest Bearing	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<b>ASSETS</b>							
Interest Bearing Deposits	\$ 48						\$ 48
Fed Funds Sold	1,700						1,700
<b>Investments</b>							
Mutual Funds					1,863		1,863
Fixed Rate	2,822	803	1,257	7,047	6,328		18,257
Variable Rate	4,857		5,619	1,144			11,620
<b>Loans</b>							
Fixed Rate	2,499	2,998	2,168	30,447	3,925		42,037
Variable Rate	18,395						18,395
Other Assets						10,920	10,920
Allowance for							
Loan and Lease Losses						(874)	(874)
<b>Total Assets</b>	<b>\$30,321</b>	<b>\$3,801</b>	<b>\$9,044</b>	<b>\$38,638</b>	<b>\$12,116</b>	<b>\$10,046</b>	<b>\$103,966</b>
<b>LIABILITIES</b>							
Fed Funds Purchased							

Repurchase Agreement	\$302						\$302
NOW			9,998				9,998
MMDA	8,401	8,401					16,802
Savings			4,554				4,554
CD'S	12,467	8,236	7,665	5,732			34,100
Demand Deposits						31,036	31,036
Other Liabilities				159	1,037	605	1,801
Stockholders' Equity						5,373	5,373
<hr/>							
Total Liabilities	\$21,170	\$16,637	\$22,217	\$ 5,891	\$1,037	\$37,014	\$103,966
<hr/>							
Gap	9,151	(12,836)	(13,173)	32,747	11,079	(26,968)	
Cumulative Gap	9,151	(3,685)	(16,858)	15,889	26,968	0	
	=====	=====	=====	=====	=====	=====	
Cumulative Gap/ Total Assets	8.80%	(3.54%)	(16.21%)	15.28%	25.94%		
<hr/>							
Management Adjustment	3,900	3,900	7,800	(15,600)			
Cumulative Management Adjusted Gap	\$13,051	\$4,115	\$(1,258)	\$15,889	\$26,968	\$ 0	
Cumulative Management Adjusted Gap/ Total Assets	12.55%	3.96%	(1.21%)	15.28%	25.94%		

</TABLE>

During 1994, MidSouth continued to use a correspondent bank to provide the Sendero model program of asset and liability management. The Sendero program uses the basis gap data in Table 5 and additional information regarding rates and payment characteristics to perform three simulation tests. The tests use market data to perform rate shock, rate cycle and rate forecast simulations to measure the impact of changes in interest rates, the yield curve and interest rate forecasts on MidSouth's net interest income and market value of portfolio equity. Results of the simulations are reviewed and discussed at MidSouth's quarterly Funds Management Committee meetings.

MidSouth does not invest in derivatives and has none in its securities portfolio.

#### Liquidity

Bank Liquidity. Liquidity is the availability of funds to meet contractual obligations as they become due and to fund operations. The Bank's primary liquidity needs involve its ability to accommodate customers demands for deposit withdrawals as well as their requests for credit. Liquidity is deemed adequate when sufficient cash to meet these needs can be promptly raised at a reasonable cost to the Bank.

Liquidity is provided primarily by two sources: a stable base of funding sources and an adequate level of assets that can be readily converted into cash. MidSouth's core deposits are its most stable and important source of funding. Further, the low variability of the core deposit base lessens the need for liquidity. Cash deposits at other banks, federal funds sold and principal payments received on loans and mortgage-backed securities provide the primary sources of asset liquidity for the Bank.

In addition to these primary sources, the Bank has certain other sources available to meet the demand for funds if necessary. Approximately \$5.7 million in securities maturing within twelve months provides an additional source of liquidity. These securities could be liquidated if necessary prior to maturity. Membership in the FHLB provides a substantial source of secondary liquidity. The FHLB provides safekeeping services for approximately \$15 million of the Bank's mortgage-backed securities. The Bank has the ability to borrow overnight funds from the FHLB up to the amount of mortgage-backed securities held in safekeeping.

Parent Company Liquidity. At the parent company level, cash is needed primarily to service outstanding debt. The parent company has a note payable to a financial institution, the terms of which are described in Note 7 to MidSouth's Consolidated Financial Statements. Funds to meet payments on the note come primarily

from the sale of MidSouth's common stock to the Directors' Deferred Compensation Trust and to the ESOP and from funds received from the Bank under a tax sharing agreement with the parent company. Funds received from these sources and from other sources are expected to be sufficient to meet debt service obligations throughout 1995. Earnings of the Bank in 1994 have eliminated the Bank's accumulated retained earnings deficit reported at December 31, 1993. Therefore, at January 1, 1995, the Bank could declare dividends to the parent company of up to approximately \$1.1 million without prior approval from its primary regulator. The dividends could provide additional liquidity for the parent company if needed to service debt obligations.

Dividends. The primary source of cash dividends on MidSouth's common stock is distributions from the Bank. As stated above under "Parent Company Liquidity", earnings recorded for 1994 eliminated an accumulated retained earnings deficit, thereby giving the Bank the ability to declare dividends to the parent company without prior approval of its primary regulator. However, the Bank's ability to pay dividends would be prohibited if the result would cause the Bank's regulatory capital to fall below minimum requirements. In addition, MidSouth's agreement with its lender provides that, without the lender's consent, the Bank may not pay dividends or distributions (except, generally, for the purpose of making payments on the loan) and MidSouth may not pay dividends or distributions to its shareholders.

With the announcement on December 29, 1994 of an agreement to acquire Sugarland State Bank, MidSouth also announced that its Board of Directors would delay consideration of paying dividends in 1995 until after the completion of the acquisition. Additionally, cash dividends would be subject to payment of dividends on the preferred stock to be issued in conjunction with the acquisition of Sugarland State Bank.

On February 18, 1994, MidSouth paid a 5% common stock dividend to shareholders of record on February 4, 1994. The dividend increased MidSouth's common stock outstanding at the time from 670,638 shares to 705,327 shares.

#### INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors  
of MidSouth Bancorp, Inc.  
Lafayette, Louisiana

We have audited the accompanying consolidated statements of condition of MidSouth Bancorp, Inc. and its subsidiary as of December 31, 1994 and 1993, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of MidSouth Bancorp, Inc. and subsidiary at December 31, 1994 and 1993 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 1993 MidSouth Bancorp, Inc. changed its method of accounting for income taxes to conform with Statement of

Financial Accounting Standards No. 109, and changed its method of accounting for securities to conform with Statement of Financial Accounting Standards No. 115.

DELOITTE & TOUCHE LLP  
New Orleans, Louisiana  
January 27, 1995

CONSOLIDATED STATEMENTS OF CONDITION  
DECEMBER 31, 1994 AND 1993

<TABLE>  
<CAPTION>

ASSETS	1994	1993
<S>	<C>	<C>
Cash and due from banks	\$6,941,989	\$4,964,078
Federal funds sold	1,700,000	5,500,000
Total cash and cash equivalents	<u>8,641,989</u>	<u>10,464,078</u>
Interest-bearing deposits in banks	48,422	1,033
Securities available-for-sale at fair value (cost of \$32,909,276 in 1994 and \$34,218,033 in 1993)	31,369,476	34,663,033
Investment securities (estimated market value of \$372,274 in 1994)	370,946	-
Loans, net of allowance for loan losses of \$873,934 in 1994 and \$824,329 in 1993	59,558,341	48,961,794
Premises and equipment, net	2,117,512	2,042,484
Other real estate owned, net	198,350	297,071
Accrued interest receivable	695,604	601,510
Goodwill, net	191,691	216,426
Other assets	773,629	448,083
Total assets	<u>\$103,965,960</u> =====	<u>\$97,695,512</u> =====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$31,035,865	\$27,677,336
Interest bearing	65,454,490	62,734,610
Total deposits	<u>96,490,355</u>	<u>90,411,946</u>
Securities sold under repurchase agreements	301,730	758,675
Accrued interest payable	191,366	147,168
Notes payable	1,195,917	786,164
Other liabilities	413,246	122,893
Total liabilities	<u>98,592,614</u>	<u>92,226,846</u>
Commitments and Contingencies	-	-
Stockholders' equity:		
Preferred stock, no par value, 5,000,000 authorized, none issued and outstanding	-	-
Common stock, \$.10 par value, 5,000,000 shares authorized; 713,988 and 670,638 issued and outstanding at December 31, 1994 and 1993, respectively	71,399	67,064
Surplus	6,144,070	5,738,665
Unearned ESOP shares	(73,021)	(92,891)
Unrealized (losses) gains on securities available-for-sale, net of deferred taxes of \$477,000 in 1994 and \$151,300 in 1993	(1,062,800)	293,700
Retained earnings (deficit)	293,698	(537,872)
Total stockholders' equity	<u>5,373,346</u>	<u>5,468,666</u>
	<u>\$103,965,960</u> =====	<u>\$97,695,512</u> =====

See notes to consolidated financial statements.

</TABLE>

MIDSOUTH BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME  
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

<TABLE>  
<CAPTION>

<S>	1994 <C>	1993 <C>	1992 <C>
INTEREST INCOME:			
Loans, including fees	\$5,463,501	\$4,625,993	\$4,395,729
Investment securities	1,782,504	1,603,668	2,178,342
Federal funds sold	142,473	139,386	104,255
Total interest income	7,388,478	6,369,047	6,678,326
INTEREST EXPENSE:			
Deposits	1,924,906	1,744,394	2,346,689
Notes payable	51,195	59,540	64,539
Total interest expense	1,976,101	1,803,934	2,411,228
NET INTEREST INCOME	5,412,377	4,565,113	4,267,098
PROVISION FOR LOAN LOSSES	210,000	306,500	365,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,202,377	4,258,613	3,902,098
NONINTEREST INCOME:			
Service charges on deposit accounts	1,015,529	881,172	740,581
Gains on investment securities, net	1,178	210,466	61,850
Other charges and fees	406,187	279,486	305,707
	1,422,894	1,371,124	1,108,138
NONINTEREST EXPENSES:			
Salaries and employee benefits	2,242,892	2,024,335	1,781,970
Occupancy expense	822,615	688,661	611,036
Professional fees	218,287	260,273	201,298
FDIC assessments	209,508	208,656	173,879
Marketing expenses	207,295	177,164	105,470
General and bond insurance	109,674	121,529	148,403
Data processing	108,572	104,077	144,789
Postage	104,365	93,922	83,124
Director fees	95,509	79,960	63,101
Education and travel	91,896	93,644	67,839
Printing and supplies	113,526	91,824	36,421
Telephone	94,985	86,385	85,456
Expenses on other real estate owned, net	22,500	90,849	138,989
Other	440,506	532,024	463,864
	4,882,130	4,653,303	4,105,639
INCOME BEFORE INCOME TAXES, EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	1,743,141	976,434	904,597
PROVISION FOR INCOME TAXES	601,500	331,500	311,500
INCOME BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	1,141,641	644,934	593,097

</TABLE>

MIDSOUTH BANCORP, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME  
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

<TABLE>  
<CAPTION>

<S>	1994 <C>	1993 <C>	1992 <C>
EXTRAORDINARY ITEM - utilization of net operating loss carryforward	-	-	311,500



CUMULATIVE EFFECT OF ACCOUNTING CHANGE FOR INCOME TAXES	-	600,000	-
NET INCOME	\$1,141,641	\$1,244,934	\$904,597
EARNINGS PER COMMON SHARE:			
Before extraordinary item and cumulative effect of accounting change	\$1.61	\$1.00	\$0.96
Extraordinary item	-	-	.50
Cumulative effect of accounting change	-	.93	-
Net income	\$1.61	\$1.93	\$1.46
Weighted average shares outstanding	709,552	646,413	620,433

See notes to consolidated financial statements.

</TABLE>

MIDSOUTH BANCORP, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

<TABLE>  
<CAPTION>

	Common Stock		Surplus	ESOP	Unrealized	Retained	Total
	Shares	Amount		Obligation	Gains (Losses) on Securities Available for Sale	Earnings (Deficit)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, JANUARY 1, 1992	575,604	\$5,205,931	\$	(\$95,783)	\$	(\$2,687,403)	\$2,422,745
Issuance of common stock	21,835	108,523					108,523
Net income						904,597	904,597
ESOP obligation, net of repayments				(12,201)			(12,201)
BALANCE, DECEMBER 31, 1992	597,439	5,314,454		(107,984)		(1,782,806)	3,423,664
Change in par value		(5,254,710)	5,254,710				
Issuance of common stock	13,530	1,353	110,199				111,552
Exercise of warrants	59,669	5,967	373,756				379,723
Net income						1,244,934	1,244,934
ESOP obligation repayments				15,093			15,093
Increase in unrealized gain on securities available-for-sale, net of tax				-	293,700		293,700
BALANCE, DECEMBER 31, 1993	670,638	67,064	5,738,665	(92,891)	293,700	(537,872)	5,468,666
Issuance of common stock	9,829	983	99,329				100,312
Issuance of stock dividend	33,521	3,352	306,076			(310,071)	(643)
Net income						1,141,641	1,141,641
ESOP obligation repayments				19,870			19,870
Increase in unrealized loss on securities available-for-sale, net of tax					(1,356,500)		(1,356,500)
BALANCE, DECEMBER 31, 1994	713,988	\$71,399	\$6,144,070	(\$73,021)	(\$1,062,800)	\$293,698	\$5,373,346

See notes to consolidated financial statements.

</TABLE>

MIDSOUTH BANCORP, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

<TABLE>  
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$1,141,641	\$1,244,934	\$904,597

Adjustments to reconcile net income  
to net cash provided by operating  
activities:

Depreciation and amortization	285,957	247,690	270,818
Provision for loan losses	210,000	306,500	365,000
Provision for losses on other real estate owned	5,649	42,520	49,134
Provision for deferred income taxes	347,500	321,500	-
Premium amortization, net	207,798	257,860	179,867
Gain on sales of investment securitie	(1,179)	(210,466)	(61,850)
Loss on sales of other real estate ow	8,080	4,784	29,830
Gain on sales of premises and equipment	(455)	(4,325)	(1,292)
Change in accrued interest receivable	(94,094)	(28,033)	187,360
Change in accrued interest payable	44,198	(20,212)	(70,668)
Change in other liabilities	290,353	187,104	(6,806)
Change in other assets	(44,745)	(78,361)	221,736
Increase in deferred tax asset	-	(600,000)	-

Net cash provided by operating  
activities

2,400,703	1,671,495	2,067,726
-----------	-----------	-----------

CASH FLOWS FROM INVESTING

ACTIVITIES:

Net (increase) decrease in interest- bearing deposits in banks	(47,389)	4,492	(5,440)
Proceeds from sales of investment securities	1,223,182	6,774,117	2,945,338
Proceeds from maturities and calls of investment securities	2,940,591	8,105,502	6,401,504
Purchases of investment securities	(3,432,581)	(18,566,265)	(7,699,590)
Loan originations, net of repayments	(10,806,547)	(9,804,366)	(622,383)
Purchases of premises and equipment	(336,703)	(614,860)	(174,506)
Proceeds from sale of premises and equipment	907	8,513	5,354
Proceeds from sales of other real estate owned	84,992	36,503	432,997

Net cash (used in) provided by  
investing activities

(10,373,548)	(14,056,364)	1,283,274
--------------	--------------	-----------

</TABLE>

MIDSOUTH BANCORP, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

<TABLE>  
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
CASH FLOWS FROM FINANCING			
ACTIVITIES:			
Net increase in deposits	6,078,409	10,245,446	2,782,485
Net (decrease) increase in repurchase agreements	(456,945)	415,494	18,844
Issuance of notes payable	544,916	-	-
Repayments of notes payable	(115,293)	(152,563)	(41,278)
Proceeds from issuance of common stock	100,312	111,552	108,523
Payment of fractional shares resulting from stock dividend	(643)	-	-
Proceeds from exercise of stock warrants	-	379,723	-
Net cash provided by financing activi	6,150,756	10,999,652	2,868,574
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,822,089)	(1,385,217)	6,219,574
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,464,078	11,849,295	5,629,721
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$8,641,989	\$10,464,078	\$11,849,295
SUPPLEMENTAL CASH FLOW	=====	=====	=====

INFORMATION:			
Interest paid	\$1,931,905	\$1,824,146	\$2,481,896
	=====	=====	=====
Income taxes paid	\$5,000	\$12,280	\$-
	=====	=====	=====

See notes to consolidated financial statements.

</TABLE>

MIDSOUTH BANCORP, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of MidSouth Bancorp, Inc. (the Company) and its wholly owned subsidiary MidSouth National Bank (the Bank), have been prepared in accordance with generally accepted accounting principles and conform with general practices within the banking industry. A summary of significant accounting policies follows:

**Basis of Presentation** - The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany transactions and balances have been eliminated.

**Investment Securities** - In May 1993, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 115 "Accounting for Certain Investments in Debt and Equity Securities". This statement requires that only debt securities that the Bank has the positive intent and ability to hold to maturity be classified as held-to-maturity and reported at amortized cost; all other debt securities are reported at fair value. Securities not classified as held-to-maturity or trading are classified as available-for-sale, with the related unrealized gains and losses excluded from earnings and reported net of tax as a separate component of shareholders' equity until realized. The Bank adopted SFAS No. 115 effective December 31, 1993. In accordance with the provisions of this pronouncement, prior years' financial statements were not restated.

Securities held-to-maturity are carried at cost less an allowance for loss, adjusted for the amortization of premiums and the accretion of discounts. Premiums and discounts are amortized and accreted to operations using the level yield method, adjusted for prepayments as applicable. Management has the intent and the Bank has the ability to hold these assets as long-term investments until their estimated maturities.

Securities available-for-sale are carried at fair value. Unrealized gains and losses are excluded from earnings and reported net of tax, as a separate component of shareholders' equity until realized. Securities within the available-for-sale portfolio may be used as part of the Bank's asset/liability strategy and may be sold in response to changes in interest rate risk, prepayment risk or other similar economic factors. The specific identification method is used to compute gains or losses on the sale of these assets. Interest earned on these assets is included in interest income.

**Loans** - Loans are stated at the principal amount outstanding, net of an allowance for loan losses. Interest income on loans is credited to operations based on the principal amounts outstanding using the interest method. Loan fees are recognized as an adjustment of the yield on the related loan.

When the payment of principal or interest on a loan is delinquent for 90 days, or earlier in some cases, the loan is placed on nonaccrual status, unless the loan is in the process of collection and the underlying collateral fully supports the carrying value of the loan. If the decision is made to continue accruing interest on the loan, periodic reviews are made to confirm the accruing status of the loan. When a loan is placed on nonaccrual status, interest accrued during the current year prior to the judgment of uncollectibility is charged to

operations. Interest accrued during prior periods is charged to the allowance for loan losses. Generally, any payments received on nonaccrual loans are applied first to outstanding loan amounts and next to the recovery of charged-off loan amounts. Any excess is treated as recovery of lost interest.

Allowance for Loan Losses - The allowance for loan losses is a valuation allowance available for possible losses incurred on loans. All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. Recoveries are credited to the allowance at the time of recovery.

Periodically during the year, management estimates the likely level of future losses to determine whether the allowance for loan losses is adequate to absorb reasonably anticipated losses in the existing portfolio. Based on these estimates, an amount is charged to the provision for loan losses and credited to the allowance for loan losses in order to adjust the allowance to a level determined to be adequate to absorb future losses.

Management's judgment as to the level of future losses on existing loans involves the consideration of current and anticipated economic conditions and their potential effects on specific borrowers; an evaluation of the existing relationships among loans, potential loan losses, and the present level of the allowance; results of examinations of the loan portfolio by regulatory agencies; and management's internal review of the loan portfolio. In determining the collectibility of certain loans, management also considers the fair value of any underlying collateral. The amounts ultimately realized may differ from the carrying value of these assets due to economic, operating or other conditions beyond the Bank's control.

It should be understood that estimates of future loan losses involves an exercise of judgment. While it is possible that in particular periods the Bank may sustain losses which are substantial relative to the allowance for loan losses, it is the judgment of management that the allowance for loan losses reflected in the consolidated balance sheet is adequate to absorb anticipated losses which may exist in the current loan portfolio.

Premises and Equipment - Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets which generally range from 3 to 30 years. Leasehold improvements are amortized over the estimated useful lives of the improvements or the term of the lease, whichever is shorter.

Other Real Estate Owned - The Bank records other real estate owned at the lesser of the outstanding amount (including accrued interest, if any) or fair value at the time of foreclosure. Adjustments are made to reflect declines in value subsequent to acquisition, if any, below the recorded amounts. Required developmental costs associated with foreclosed property under construction are capitalized and considered in determining the fair value of the property. Operating expenses of such properties, net of related income, and gains and losses on their disposition are included in noninterest expenses.

Income Taxes - Deferred income taxes are provided for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes.

In the first quarter of the year ending December 31, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109). This Statement requires, among other things, recognition of future tax benefits, measured by enacted tax rates, attributable to deductible temporary differences between financial statement and income tax basis of assets and liabilities and to tax net operating loss carryforwards, to the extent that realization of such benefits is more likely than not.

Goodwill - Goodwill represents the excess of the cost over the fair value of net assets purchased and is being amortized over 15 years.

Income Per Share - Income per share is calculated using the weighted number of shares outstanding during each of the years.

No effect has been given to outstanding common stock equivalents as no material dilutive effect would result from the exercise of these items.

Statement of Cash Flows - For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold. Generally, federal funds are purchased or sold for one-day periods.

Reclassifications - Certain reclassifications have been made to the 1993 and 1992 amounts to conform to the classifications adopted for reporting in 1994.

## 2. CASH AND DUE FROM BANKS

The Bank is required to maintain average reserve balances with the Federal Reserve Bank. "Cash and due from banks" in the consolidated statements of condition included amounts so restricted of \$908,000 and \$801,000 at December 31, 1994 and 1993, respectively.

## 3. INVESTMENT SECURITIES

The portfolio of securities available-for-sale consisted of the following:

<TABLE>  
<CAPTION>

	December 31, 1994			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities	\$9,853,194	\$5,924	\$288,415	\$9,570,703
U.S. Government agencies	2,430,718	4,474	9,500	2,425,692
Obligations of states and political subdivisions	212,271	16,890	-	229,161
Mortgage-backed securities	12,710,062	4,213	652,182	12,062,093
Collateralized mortgage obligations	5,149,781	-	484,085	4,665,696
Mutual funds	2,000,000	-	136,800	1,863,200
Other	553,250	-	319	552,931
	<u>\$32,909,276</u>	<u>\$31,501</u>	<u>\$1,571,301</u>	<u>\$31,369,476</u>
	=====	=====	=====	=====

</TABLE>

The Bank has three Aaa rated whole-loan collateralized mortgage obligations (CMO's) which have sequential pay structures and have estimated average lives of two to four years.

<TABLE>  
<CAPTION>

	December 31, 1993			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities	\$10,566,542	\$190,697	\$41,307	\$10,715,932
U.S. Government agencies	2,726,526	66,557	-	2,793,083
Obligations of states and political subdivisions	212,271	35,405	-	247,676
Mortgage-backed securities	13,016,841	83,432	39,802	13,060,471
Collateralized mortgage obligations	5,186,803	161,786	19,454	5,329,135
Mutual funds	2,000,000	975	-	2,000,975
Other	509,050	6,711	-	515,761
	<u>\$34,218,033</u>	<u>\$545,563</u>	<u>\$100,563</u>	<u>\$34,663,033</u>
	=====	=====	=====	=====

</TABLE>

The amortized cost and fair value of securities available-for-sale at December 31, 1994, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>  
<CAPTION>

	December 31, 1994	
	Amortized Cost	Fair Value
<S>	<C>	<C>
Due in one year or less	\$7,763,000	\$7,594,871
Due after one year through five years	6,403,773	6,164,155
Due after five years through ten years	108,692	108,692
Due after ten years	320,718	320,718
Mortgage-backed securities	17,859,843	16,727,790
Other securities	453,250	453,250
	<u>\$32,909,276</u>	<u>\$31,369,476</u>
	=====	=====

</TABLE>

The portfolio of investment securities held-to-maturity consisted of the following:

<TABLE>  
<CAPTION>

	December 31, 1994			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury securities	\$120,946	\$-	\$-	\$120,946
Nontaxable obligations of states and political subdivisions	250,000	1,687	359	251,328
	<u>\$370,946</u>	<u>\$1,687</u>	<u>\$359</u>	<u>\$372,274</u>
	=====	=====	=====	=====

</TABLE>

The amortized cost and fair value of investment securities held-to-maturity at December 31, 1994, by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<TABLE>  
<CAPTION>

	December 31, 1994	
	Amortized Cost	Fair Value
<S>	<C>	<C>
Due in one year or less	\$140,946	\$141,113
Due after one year through five years	150,000	151,519
Due after five years through ten years	80,000	79,642
	<u>\$370,946</u>	<u>\$372,274</u>
	=====	=====

</TABLE>

Proceeds from sales of securities during 1994, 1993 and 1992 were \$1,223,182, \$6,774,117 and \$2,945,338, respectively. Gross gains of \$1,179, \$210,667 and \$73,712 were realized on those sales, respectively. There were no gross losses realized on those sales during 1994. Gross losses realized on those sales during 1993 and 1992 were \$201 and \$11,862, respectively. The

related income tax provisions on gains on the sales of investment securities was \$400 in 1994, \$71,500 in 1993, and \$21,000 in 1992.

Securities with an aggregate carrying value of approximately \$6,200,000 and \$5,950,000 at December 31, 1994 and 1993 were pledged to secure public funds on deposit and for other purposes required or permitted by law.

#### 4. LOANS

The loan portfolio consisted of the following:

<TABLE>

<CAPTION>

	December 31,	
	1994	1993
<S>	<C>	<C>
Commercial	\$22,057,790	\$19,587,099
Lease financing receivable	2,485,512	1,624,471
Real estate - mortgage	20,318,642	16,026,549
Real estate - construction	1,268,712	1,269,470
Installment loans to individuals	14,231,699	11,226,295
Other	69,920	52,239
	<u>60,432,275</u>	<u>49,786,123</u>
Less allowance for loan losses	(873,934)	(824,329)
	<u>\$59,558,341</u>	<u>\$48,961,794</u>
	=====	=====

</TABLE>

The Bank generally makes loans in its market areas of Lafayette, Jefferson Davis and St. Martin Parishes. Loans on which the accrual of interest has been discontinued amounted to \$249,693 and \$359,498 at December 31, 1994 and 1993, respectively. If interest on those loans had been accrued, such income would have approximated \$25,000, \$39,000 and \$57,000 for the years ended December 31, 1994, 1993 and 1992. Interest income on those loans, which is recorded only when received, amounted to \$8,385, \$18,470 and \$61,227 for 1994, 1993 and 1992, respectively.

An analysis of the activity in the allowance for loan losses is as follows:

<TABLE>

<CAPTION>

	December 31,		
	1994	1993	1992
<S>	<C>	<C>	<C>
Balance at beginning of year	\$824,329	\$837,203	\$860,096
Provision for loan losses	210,000	306,500	365,000
Recoveries	165,730	208,689	286,579
Loans charged off	(326,125)	(528,063)	(674,472)
	<u>\$873,934</u>	<u>\$824,329</u>	<u>\$837,203</u>
	=====	=====	=====

</TABLE>

There were no transfers of loans to other real estate owned in 1994. During the years ended December 31, 1993 and 1992, approximately \$73,090 and \$13,200 of loans were transferred to other real estate owned.

As of December 31, 1994 and 1993, loans outstanding to certain directors, officers, and their affiliates were \$561,011 and \$700,600, respectively. In the opinion of management, all transactions entered into between the Bank and such related parties have been and are made in the ordinary course of business, on the same terms and conditions, including interest rates and collateralization, as similar transactions with unaffiliated persons and do not involve more than the normal

risk of collection.

An analysis of activity with respect to these related party loans is as follows:

<TABLE>  
<CAPTION>

	December 31,	
	1994	1993
<S>	<C>	<C>
Beginning balance	\$700,660	\$646,819
New loans	241,593	614,785
Repayments	(381,242)	(560,944)
Ending balance	<u>\$561,011</u> =====	<u>\$700,660</u> =====

</TABLE>

The Financial Accounting Standards Board has adopted Statement No. 114, "Accounting for Loan Impairment by Creditors" (SFAS No. 114), which among other items, redefines restructured and impaired loans and provides a calculation methodology to estimate future losses. The implementation of SFAS No. 114 will be adopted in 1995 and the effect on earnings and the classification of loans is not expected to be significant.

#### 5. BANK PREMISES AND EQUIPMENT

Premises and equipment consisted of the following:

<TABLE>  
<CAPTION>

	December 31,	
	1994	1993
<S>	<C>	<C>
Buildings and improvements	\$1,570,923	\$1,487,892
Furniture, fixtures, and equipment	1,897,887	1,711,728
Automobiles	114,776	61,113
Leasehold improvements	130,246	122,842
	<u>3,713,832</u>	<u>3,383,575</u>
Less accumulated depreciation and amortization	(1,596,320)	(1,341,091)
	<u>\$2,117,512</u> =====	<u>\$2,042,484</u> =====

</TABLE>

During 1993, a building with a net book value of \$130,000 was transferred from the Bank to MidSouth Bancorp, Inc. The building is now classified in other assets.

#### 6. DEPOSITS

Deposits consisted of the following:

<TABLE>  
<CAPTION>

	December 31,	
	1994	1993
<S>	<C>	<C>
Non-interest bearing	\$31,035,865	\$27,677,336
Savings and money market	21,355,647	21,979,920
NOW accounts	9,998,596	7,574,798
Time deposits under \$100,000	23,837,982	22,680,236
Time deposits over \$100,000	10,262,265	10,499,656
	<u>\$96,490,355</u> =====	<u>\$90,411,946</u> =====

</TABLE>



The bank has no brokered deposits and there are no major concentrations of deposits.

#### 7. NOTES PAYABLE

Notes payable consisted of the following:

<TABLE>

<CAPTION>

	December 31,	
	1994	1993
<S>	<C>	<C>
Note payable to a financial institution	\$577,980	\$693,273
FHLB borrowings	544,916	-
ESOP note payable to a financial institution	73,021	92,891
	<u>\$1,195,917</u>	<u>\$786,164</u>
	=====	=====

</TABLE>

The note payable to a financial institution bears interest at prime plus 1%, is dated July 18, 1989, and is due on July 20, 1999. This note is payable in 120 monthly installments at increasing amounts over the term of the loan. In addition, the payments may be changed under the terms of the note when the interest rate is adjusted. At December 31, 1994, this note bore an interest rate of 9.5%. The Company has pledged all of the Bank's stock as collateral for the note. A portion of the loan is guaranteed by a group of eleven individuals, some of whom are Directors of the Company, in the amount of \$30,000 each. The Company's ability to meet its debt requirements will depend upon its ability to receive sufficient dividends from the Bank.

At December 31, 1994, the Bank had four FHLB borrowings outstanding. These borrowings bear interest at rates between 5.49% and 7.28%, and have maturities from February 1999 to April 2001. Monthly principal and interest payments ranges from approximately \$350 on the smallest borrowing to approximately \$4,710 on the largest borrowing, with balloon payments due at maturity. The borrowings are secured by a blanket floating lien on approximately \$21,600,000 of the Bank's mortgage loans.

The ESOP note payable to a financial institution is included in the Company's notes payable, with a corresponding reduction of stockholders' equity because the primary source of loan repayments is contributions by the Company to the ESOP. The note payable bears interest at 8.5%. The note payable is due on demand, or if no demand is made, in monthly installments of \$2,200, and one irregular payment at maturity, December 10, 1995. The note payable is secured by shares of Company stock held by the ESOP.

Aggregate annual maturities on notes payable are as follows:

<TABLE>

<CAPTION>

<S>	<C>
1995	\$236,313
1996	175,509
1997	191,912
1998	209,871
1999	162,032
Thereafter	220,280
	<u>\$1,195,917</u>
	=====

</TABLE>

#### 8. COMMITMENTS AND CONTINGENCIES

At December 31, 1994, future annual minimum rental payments due under noncancellable operating leases, primarily for land, are as follows:

<TABLE>  
<CAPTION>

<S>	<C>
1995	\$247,117
1996	244,894
1997	246,850
1998	236,326
1999	232,307
Thereafter through 2058	5,171,513
	<u>\$6,379,007</u>
	=====

</TABLE>

Minimum rental payments have not been reduced by minimum sublease rentals of approximately \$125,000 due in the future under noncancellable subleases.

Rental expense under operating leases for 1994, 1993 and 1992 was \$230,756, \$164,658, and \$174,190, respectively. Sublease income amounted to \$31,800 in 1994 and \$10,600 in 1993.

The Company and its subsidiaries are parties to various legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate resolution of these legal proceedings will not have a material adverse effect on the Company's financial position or results of operations.

#### 9. STOCKHOLDERS' EQUITY

The Bank's ability to pay dividends is subject to national banking laws and regulations. Approval of regulatory authorities is required for the Bank to pay dividends in excess of specified limits. The Company's and the Bank's ability to pay dividends is further restricted by the Company's loan agreement which requires that the Company obtain written consent of the lender before any dividend payment other than for certain purposes provided for in the loan agreement.

#### 10. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Bank's deferred tax assets and liabilities as of December 31, 1994 and 1993 are as follows:

<TABLE>  
<CAPTION>

<S>	1994 <C>	1993 <C>
Deferred tax assets:		
Unrealized loss on securities	\$477,000	\$-
Tax net operating loss carryforwards	-	336,138
Writedowns of other real estate	23,134	32,710
Other	18,814	37,726
Total deferred tax assets	<u>518,948</u>	<u>406,574</u>
Deferred tax liabilities:		
Allowance for possible loan losses	36,572	64,115
Depreciation	58,208	59,043
Unrealized gain on securities	-	151,300
Other	30,295	3,599
Total deferred tax liabilities	<u>125,075</u>	<u>278,057</u>
Net deferred tax asset	<u>\$393,873</u>	<u>\$128,517</u>
	=====	=====

</TABLE>

Components of income tax expense are as follows:

<TABLE>  
<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
Current	\$254,000	\$10,000	\$-
Deferred	347,500	321,500	311,500
	<u>\$601,500</u>	<u>\$331,500</u>	<u>\$311,500</u>
	=====	=====	=====

</TABLE>

The actual tax expense does not materially differ from the "expected" tax expense, computed by applying the U.S. federal corporation tax rate of 34% to earnings before income taxes in 1994, 1993 and 1992.

#### 11.EMPLOYEE BENEFITS

The Company sponsors a leveraged employee stock ownership plan (ESOP) that covers all employees who meet minimum age and service requirements. The Company makes annual contributions to the ESOP in amounts as determined by the Board of Directors. These contributions are used to pay debt service and purchase additional shares. The ESOP shares initially were pledged as collateral for its debt. As the debt is repaid, shares are released from collateral and allocated to active employees, based on the proportion of debt service paid in the year. The ESOP has a note payable to a financial institution with a balance of \$73,021 at December 31, 1994. Because the source of the loan payments are contributions received by the ESOP from the Company, such debt is included in the Company's notes payable, with a corresponding reduction of stockholders' equity. In accordance with Statement of Position 93-6 (SOP), shares purchased subsequent to December 31, 1992 are based on the current market price of the shares. The Company has elected not to apply the provisions of the SOP to shares purchased on or before December 31, 1992. ESOP compensation expense was \$60,000 in each of the years ended December 31, 1994, 1993 and 1992. The ESOP shares as of December 31, 1994 and 1993 were as follows:

<TABLE>  
<CAPTION>

	1994	1993
<S>	<C>	<C>
Allocated shares	58,968	50,613
Shares released for allocation	1,927	2,147
Unreleased shares	6,175	8,102
Total ESOP shares	<u>67,070</u>	<u>60,862</u>
	=====	=====
Fair value of unreleased shares at December 31,	\$71,012	\$71,379
	=====	=====

</TABLE>

Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits other than Pensions, is effective beginning in 1993. This Statement requires accrual of postretirement benefits (such as healthcare benefits) during the years an employee provides services. The Company does not provide such postretirement benefits and accordingly, adoption of this Statement did not have an impact on its financial position or results of operations.

#### 12.STOCK WARRANTS AND STOCK OPTIONS

The Company has granted options to certain key employees to purchase 21,000 shares of the Company's common stock at \$9.52 per share. These options expire on December 31, 1996. As of December 31, 1994, none have been exercised.

In connection with the sale of common stock in 1992, the Company issued nontransferable warrants to purchase 63,605 shares of common stock at a price of \$7.50 per share. These warrants became exercisable from June 9, 1993 through December 31, 1993. In 1993, 59,669 of the nontransferable warrants were exercised.

13.FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Bank is a party to various financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the statements of financial condition. The contract or notional amounts of those instruments reflect the extent of the involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to loan loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, standby letters of credit and financial guarantees is represented by the contractual amount of those instruments. The Bank uses the same credit policies, including considerations of collateral requirements, in making these commitments and conditional obligations as it does for on-balance sheet instruments.

<TABLE>  
<CAPTION>

	Contract or Notional Amount	
	1994	1993
<S>	<C>	<C>
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	\$6,859,000	\$5,534,000
Standby letters of credit	670,000	525,000

</TABLE>

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being fully drawn upon, the total commitment amounts disclosed above do not necessarily represent future cash requirements.

Standby letters of credit and financial guarantees are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to its customers. Approximately 81% of these letters of credit were secured by marketable securities, cash on deposits or other assets at December 31, 1994.

14.REGULATORY MATTERS

The Comptroller of the Currency (OCC) has specified guidelines for purposes of evaluating a bank's capital adequacy. At December 31, 1994, banks were required to maintain minimum qualifying total capital and core capital to risk-weighted assets of 8% and 4%, respectively. Regulations also require banks to maintain a minimum leverage requirement of core capital to total assets of 3% or higher, depending on its regulatory rating. At December 31, 1994, the Bank was in compliance with all minimum required capital ratios and the following is a summary of its ratios:

<TABLE>  
<CAPTION>

	Actual
<S>	<C>
Core Capital vs. Risk Assets (Tier 1)	10.95%
Qualifying Capital vs. Risk Assets (Tier 2)	12.20%
Core Capital vs. Total Assets (Leveraged)	6.45%

</TABLE>

## 15.SUBSEQUENT EVENTS

On December 28, 1994, the Company announced an agreement to acquire another financial institution. The agreement calls for each outstanding share of the acquired institution to be converted into one share of Series A Cumulative Convertible Preferred Stock of the Company with a stated value of \$14.25 per share. It is expected that 187,286 shares of the preferred stock will be issued. The transaction is subject to approval from the appropriate federal and state regulatory authorities, approval of the shareholders of the Company and the acquired institution and the satisfaction of certain other conditions. If all approvals and conditions are met, it is expected that the transaction will be consummated in the Spring of 1995.

## 16.CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

Summarized financial information for MidSouth Bancorp, Inc. (parent company only) follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

## STATEMENTS OF CONDITION

	December 31,	
	1994	1993
ASSETS		
<S>	<C>	<C>
Cash and interest-bearing deposits in banks	\$23,443	\$72,623
Investment Securities	120,946	98,042
Other assets	113,732	248,790
Investment in subsidiary	5,835,618	5,940,621
	<u>\$6,093,739</u>	<u>\$6,360,076</u>
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		
Liabilities:		
Note payable to a financial institution	\$651,001	\$786,164
Note payable to Bank	69,392	92,292
Other liabilities	-	12,955
Total liabilities	<u>720,393</u>	<u>891,411</u>
Stockholders' Equity:		
Preferred stock	-	-
Common stock	71,399	67,064
Surplus	6,144,070	5,738,665
ESOP obligation	(73,021)	(92,891)
Unrealized losses (gains) on securities available-for-sale, net of deferred taxes	(1,062,800)	293,700
Retained earnings (deficit)	293,698	(537,873)
Total stockholders' equity	<u>5,373,346</u>	<u>5,468,665</u>
	<u>\$6,093,739</u>	<u>\$6,360,076</u>
	=====	=====

&lt;/TABLE&gt;

&lt;TABLE&gt;

&lt;CAPTION&gt;

## STATEMENTS OF INCOME

	Years Ended December 31,		
	1994	1993	1992
<S>	<C>	<C>	<C>
Revenue:			
Interest income	\$7,091	\$5,300	\$1,515
Equity in undistributed income of subsidiary	1,251,499	1,269,489	968,246
Rental income	31,800	-	-
	<u>1,290,390</u>	<u>1,274,789</u>	<u>969,761</u>
Expenses:			
Interest on notes payable	56,906	59,540	64,539
Professional fees	76,951	64,942	625
Other expense	71,591	60,976	-
	<u></u>	<u></u>	<u></u>

	205,448	185,458	65,164
Income before income taxes and cumulative effect of accounting change	1,084,942	1,089,331	904,597
Income tax benefit	56,699	61,603	-
Income before cumulative effect of accounting change	1,141,641	1,150,934	904,597
Cumulative effect of accounting change for income taxes	-	94,000	-
Net income	<u>\$1,141,641</u> =====	<u>\$1,244,934</u> =====	<u>\$904,597</u> =====

</TABLE>

<TABLE>  
<CAPTION>

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	1994	1993	1992
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$1,141,641	\$1,244,934	\$904,597
Adjustments to reconcile net income to net cash used in operating activities:			
Equity in undistributed income of subsidiary	(1,251,499)	(1,269,491)	(968,244)
Change in other assets	135,058	(248,790)	-
Change in other liabilities	(12,955)	799	6,756
Net cash used in operating activities	<u>12,245</u>	<u>(272,548)</u>	<u>(56,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(120,946)	(98,042)	-
Proceeds from maturities of investment securities	98,042	-	-
Net cash used in investing activities	<u>(22,904)</u>	<u>(98,042)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Sale of common stock	100,312	111,552	108,523
Payment of fractional shares resulting from stock dividend	(643)	-	-
Exercise of stock warrants	-	379,723	-
Issuance of note payable to Bank, net of repayments	-	92,292	-
Repayments of notes payable to other financial institutions	(138,190)	(152,563)	(41,278)
Net cash provided by financing activities	<u>(38,521)</u>	<u>431,004</u>	<u>67,245</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(49,180)</u>	<u>60,414</u>	<u>10,354</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>72,623</u>	<u>12,209</u>	<u>1,855</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$23,443</u> =====	<u>\$72,623</u> =====	<u>\$12,209</u> =====

</TABLE>

<TABLE>  
<CAPTION>

Selected Quarterly Financial Data (unaudited)

(Dollars in thousands, except per share data)	IV	III	II	I
<S>	<C>	<C>	<C>	<C>
Interest income	\$1,976	\$1,878	\$1,837	\$1,697
Interest Expense	521	507	483	465
Net interest income	1,455	1,371	1,354	1,232
Provision for possible credit losses	45	25	60	80
Net interest income after provision for possible credit losses	1,410	1,346	1,294	1,152
Noninterest income, excluding securities gains	336	359	367	359
Net securities gains	-	1	-	-
Noninterest expense	1,275	1,214	1,219	1,173
Income before income tax expense, extraordinary item and cumulative effect of accounting change	471	492	442	338
Income tax expense	165	171	150	115
Income before extraordinary item and cumulative effect of accounting change	306	321	292	223
Extraordinary item	-	-	-	-
Cumulative effect of accounting change	-	-	-	-
Net income	\$306	\$321	\$292	\$223
Per common share <FN1> <FN2>				
Income before extraordinary item and cumulative effect of accounting change	\$0.43	\$0.45	\$0.41	\$0.32
Net income	\$0.43	\$0.45	\$0.41	\$0.32
Market price				
High	\$12.50	\$11.88	\$11.25	\$9.38
Low	\$11.25	\$10.00	\$8.75	\$8.88
Close	\$11.50	\$11.13	\$10.25	\$8.88
Average shares outstanding	713,098	710,859	708,568	705,587

</TABLE>

<FN1> Earnings per share and other market data have been adjusted for a 5% stock dividend declared by the Company on January 13, 1994 to shareholders of record on February 4, 1994 and paid on February 18, 1994.

<FN2> No effect has been given to outstanding common stock equivalents as no material dilutive effect would result from the exercise of these items.

Selected Quarterly Financial Data (unaudited)

<TABLE>  
<CAPTION>

	1993			
(Dollars in thousands, except per share data)	IV	III	II	I
<S>	<C>	<C>	<C>	<C>
Interest income	\$1,635	\$1,611	\$1,580	\$1,543
Interest Expense	465	440	454	445
Net interest income	1,170	1,171	1,126	1,098
Provision for possible credit losses	150	60	35	62
Net interest income after provision for possible credit losses	1,020	1,111	1,091	1,036
Noninterest income, excluding securities gains	355	287	272	247
Net securities gains	134	52	24	-
Noninterest expense	1,225	1,259	1,101	1,068

Income before income tax expense, extraordinary item and cumulative effect of accounting change	284	191	286	215
Income tax expense	96	65	95	75
	<hr/>	<hr/>	<hr/>	<hr/>
Income before extraordinary item and cumulative effect of accounting change	188	126	191	140
Extraordinary item	-	-	-	-
Cumulative effect of accounting change	-	-	-	600
	<hr/>	<hr/>	<hr/>	<hr/>
Net income	\$188	\$126	\$191	\$740
	=====	=====	=====	=====
Per common share <FN1> <FN2>				
Income before extraordinary item and cumulative effect of accounting change	\$0.27	\$0.19	\$0.30	\$0.24
Cumulative effect of accounting change				\$0.93
Net income	\$0.27	\$0.19	\$0.30	\$1.17
Market price <FN3>				
High	\$9.05	\$9.40	\$9.52	not listed
Low	\$8.81	\$9.29	\$9.40	not listed
Close	\$8.81	\$9.29	\$9.40	not listed
Average shares outstanding	665,570	649,279	637,815	632,595

</TABLE>

<FN1> Earnings per share and other market data have been adjusted for a 5% stock dividend declared by the Company on January 13, 1994 to shareholders of record on February 4, 1994 and paid on February 18, 1994.

<FN2> No effect has been given to outstanding common stock equivalents as no material dilutive effect would result from the exercise of these items.

<FN3> Market price data for the second quarter of 1993 is presented for the period of April 19, 1993 to June 30, 1993. No market price information is available for the first quarter of 1993.



INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement No. 33-58499 of MidSouth Bancorp, Inc. on Form S-4 of our report dated January 27, 1995, appearing in the Annual Report on Form 10-KSB of MidSouth Bancorp, Inc. for the year ended December 31, 1994, and to the reference to us under the headings "Certain Federal Tax Consequences", "Experts" and "Relationship with Independent Public Accountants" in the Prospectus, which is part of this Registration Statement.

DELOITTE & TOUCHE LLP  
New Orleans, Louisiana  
May 31, 1995

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

New Iberia, Louisiana  
May 31, 1995

Mixon, Roy, Metz & Mixon

PROXY

SUGARLAND BANCSHARES, INC.  
SPECIAL MEETING OF SHAREHOLDERS  
July 19, 1995

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

The undersigned hereby constitutes and appoints J. Bryan Allain, D.J. Tranchina and Bennet S. Koren, or any of them, the proxies of the undersigned, with full power of substitution, to represent the undersigned and to vote all of the shares of Common Stock of Sugarland Bancshares, Inc. (the "Company"), that the undersigned is entitled to vote at the Special Meeting of Shareholders of the Company to be held on July 19, 1995, and any adjournment thereof.

1. To consider and vote upon a proposal to approve an Agreement and Plan of Merger, dated as of December 28, 1994, and related merger agreement (collectively, the "Plan"), pursuant to which, among other things: (a) the Company will be merged into MidSouth Bancorp, Inc. ("MidSouth") (the "Holding Company Merger"), (b) Sugarland State Bank (the "Bank"), the subsidiary of the Company, will be merged into MidSouth National Bank, the wholly-owned subsidiary of MidSouth and (c) on the effective date of the Holding Company Merger, each outstanding share of common stock of the Company will be converted into MidSouth Series A Cumulative Convertible Preferred Stock as determined in accordance with the Plan.

FOR

AGAINST

ABSTAIN

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

THIS PROXY WILL BE VOTED AS SPECIFIED. IF NO SPECIFIC DIRECTIONS ARE GIVEN, THIS PROXY WILL BE VOTED "FOR" PROPOSAL 1 SET FORTH HEREIN.

[REVERSE SIDE]

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY

USING THE ENCLOSED ENVELOPE TO: Sugarland Bancshares, Inc., 1527  
W. Main Street, Jeanerette, Louisiana 70544, Attention: Ronald  
R. Hebert, Sr., Secretary.

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

Dated: \_\_\_\_\_

Insert Mailing Label

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature (if jointly owned)

PROXY

MIDSOUTH BANCORP, INC.  
July 19, 1995  
ANNUAL MEETING OF SHAREHOLDERS

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

The undersigned hereby appoints Raymond F. Mikolayezk, and Natalee F. Wood, or any of them, proxies of the undersigned, with full power of substitution, to represent the undersigned and to vote all of the shares of Common Stock of MidSouth Bancorp, Inc. (the "Company") that the undersigned is entitled to vote at the annual meeting of the shareholders of the Company to be held on July 19, 1995 and at any and all adjournments thereof.

1. A proposal to approve the issuance of up to 187,286 shares of Series A Cumulative Convertible Preferred Stock ("Preferred Stock") in connection with an Agreement and Plan of Merger (the "Plan") pursuant to which, among other things, Sugarland Bancshares, Inc. ("Sugarland") will merge into the Company (the "Merger") and, on the effective date of the Merger, each outstanding share of common stock of Sugarland will be converted into a number of shares of Preferred Stock as determined in accordance with the terms of the Plan.

FOR \_\_\_\_\_ AGAINST \_\_\_\_\_ ABSTAIN \_\_\_\_\_

2. Election of Class II Directors

Will G. Charbonnet, Sr. Clayton Paul Hilliard

\*For all nominees listed above \_\_\_\_\_ Withhold authority for  
except as marked to the contrary \_\_\_\_\_ all nominees listed \_\_\_\_\_

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

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

THIS PROXY WILL BE VOTED AS SPECIFIED. IF NO SPECIFIC DIRECTIONS ARE GIVEN, THIS PROXY WILL BE VOTED FOR PROPOSAL 1 SET FORTH HEREIN AND FOR EACH OF THE NOMINEES NAMED ABOVE.

[REVERSE SIDE]

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

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

Dated: \_\_\_\_\_, 1995

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature (if jointly owned)

Insert Mailing Label