

FIRST BANCSHARES INC /MS/  
Form DEF 14A  
April 18, 2008

SCHEDULE 14A  
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

THE FIRST BANCSHARES, INC.

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(Name of Registrant as Specified In Its Charter)

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

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**The First Bancshares, Inc.  
Notice of Annual Meeting of Shareholders  
to be held on May 22, 2008**

Dear Fellow Shareholder:

We cordially invite you to attend the 2008 Annual Meeting of Shareholders of The First Bancshares, Inc., the holding company for The First, A National Banking Association. At the meeting, we will report on our performance in 2007 and answer your questions. We are excited about our accomplishments in 2007 and to discussing both our accomplishments and our plans with you. We hope that you can attend the meeting and forward to seeing you there.

This letter serves as your official notice that we will hold the meeting on Thursday, May 22, 2008 at 5:00 p.m. at our main office located at 6480 U.S. Highway 98 West, Hattiesburg, Mississippi 39402 for the following purposes:

1. To elect four (4) members to the Board of Directors
2. To vote on approval of the appointment of T.E. Lott & Company as the Independent Auditor of the Company
3. To transact any other business that may properly come before the meeting or any adjournment of the meeting

Management knows of no other matters that may properly be, or which are likely to be, brought before the meeting.

Shareholders owning our common stock at the close of business on April 3, 2008, are entitled to attend and vote at the meeting. A complete list of these shareholders will be available at the company's office leading up to the meeting.

Please use this opportunity to take part in the affairs of your company by voting on the matters that may come before this meeting. Even if you plan to attend the meeting, we encourage you to complete and return the enclosed proxy to us as promptly as possible.

By Order of the Board of Directors,

/s/ David E. Johnson

David E. Johnson  
Chairman and Chief Executive Officer

Dated and Mailed on or about April 17, 2008  
Hattiesburg, Mississippi

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**The First Bancshares, Inc.  
6480 U.S. Highway 98 West  
Hattiesburg, Mississippi 39402**

**Proxy Statement for Annual Meeting of**

Shareholders to be Held on May 22, 2008

**INTRODUCTION**

*Date, Time, and Place of Meeting*

The Annual Meeting of Shareholders of The First Bancshares, Inc. (the Company ) will be held at the main office of the Company located at 6480 U.S. Highway 98 West, Hattiesburg, Mississippi, on Thursday, May 22, 2008, at 5:00 p.m., local time, or any adjournment(s) thereof (the Meeting ), for the purpose of considering and voting upon the matters set out in the foregoing Notice of Annual Meeting of Shareholders. This Proxy Statement is furnished to the shareholders of the Company in connection with the solicitation by the Board of Directors of proxies to be voted at the Meeting.

The mailing address of the principal executive office of the Company is Post Office Box 15549, Hattiesburg, Mississippi, 39404-5549.

The approximate date on which this Proxy Statement and form of proxy are first being sent or given to shareholders is April 17, 2008.

*Record Date; Voting Rights; Vote Required*

The record date for determining holders of outstanding stock of the Company entitled to notice of and to vote at the Meeting is April 3, 2008 (the Record Date ). Only holders of the Company s common stock of record on the books of the Company at the close of business on the Record Date are entitled to notice of and to vote at the Meeting or at any adjournment or postponement thereof. As of the Record Date, there were 2,989,401 shares of the Company s common stock issued and outstanding, each of which is entitled to one vote on all matters other than the election of Directors. In the election of Directors, each shareholder has cumulative voting rights, so that a shareholder may vote the number of shares owned by him for as many persons as there are Directors to be elected, or he may multiply the number of shares by the number of Directors to be elected and allocate the resulting votes to one or any number of candidates. For example, if the number of Directors to be elected is four (4), a shareholder owning ten (10) shares may cast ten (10) votes for each of four (4) nominees, or cast forty (40) votes for any one (1) nominee or allocate the forty (40) votes among several nominees.

Any other matters that properly come before the Meeting will be decided by a majority of votes cast, unless a different vote is required by law, the Articles of Incorporation, or the Bylaws. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the Meeting.

*Proxies*

Shares of common stock represented by properly executed proxies, unless previously revoked, will be voted at the Meeting in accordance with the directions therein. If no direction is specified, such shares will be voted FOR each nominee listed below under Election of Directors and in the discretion of the person named in the proxy with respect to any other business that may come before the Meeting. We are not aware of any other matter to be considered at the Annual Meeting other than those listed in the Notice of Annual Meeting of Shareholders.

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A proxy may be revoked by a shareholder at any time prior to the exercise thereof by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date. A proxy shall be suspended if the shareholder is present and elects to vote in person.

### MANAGEMENT PROPOSALS

#### PROPOSAL 1 ELECTION OF DIRECTORS

##### *Membership on the Board of Directors*

The Board of Directors is divided into three classes with staggered terms, so that the terms of only approximately one-third of the Board members expire at each annual meeting. The current terms of the Class I directors will expire at the Meeting. The terms of the Class II directors will expire at the 2009 Annual Shareholders Meeting. The terms of the Class III directors will expire at the 2010 Annual Shareholders Meeting. Our directors and their classes are:

Class I -----	Class II -----	Class -----
Gregory H. Mitchell (I)	David E. Johnson	David W. Bomb
Perry E. Parker (I)*	Michael W. Chancellor (I)	E. Ricky G
Ted E. Parker (I)	Andrew D. Stetelman (I)	Fred A. Mo
Dennis L. Pierce (I)	Ralph T. Simmons (I)	M. Ray (Hopp
J. Douglas Seidenburg (I)	Charles R. Lightsey (I)	Gerald Claibo
A. L. Smith (I)*		Peeler G. Lac

(I) indicates independent Director under NASDAQ director independence standard

\*The Board of Directors, management and associates of the Company would like to recognize L. Smith and Perry E. Parker for their many years of dedicated service. Mr. Smith, elected to the Board, has attained retirement age and will not stand for re-election at the Annual Meeting. Mr. Parker has been a Director of the Company since 1995, resigned from the board effective March 20, 2008 due to his business.

##### *Nominees for Class I Director*

At the Meeting, shareholders will elect four (4) nominees as Class I directors to serve a three-year term, expiring at the 2011 Annual Meeting of Shareholders, or until their successors are elected and qualified. The nominees for Class I directors are listed below. Each nominee currently serves as a Class I director.

Class I  
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Gregory H. Mitchell  
Ted E. Parker  
Dennis L. Pierce  
J. Douglas Seidenburg

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Set forth below is certain information about the nominees:

Gregory H. Mitchell, 67, serves as the Mayor of Picayune, Mississippi, and also retired as procurement manager for Mississippi Space Services at Stennis Space Center. Mr. Mitchell is a member of Salem Baptist Church and the National Management Association (NMA), as well as the

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Board of Trustees for Pearl River Community College where he was elected President in January, 2008, for a two year term. He also serves on the Board of Directors for the Picayune Chamber of Commerce; the Field Advisory Council, Division of Housing and Urban Development; and the Executive Committee, Mississippi Municipal League. Mr. Mitchell has been a director of the Company since 2003 and also serves on the Picayune Advisory Board and on the board of the bank.

Ted E. Parker, 48, attended the University of Southern Mississippi and served as a licensed commodity floor broker at the Chicago Mercantile Exchange. He has been in the stocker-grazer cattle business for more than 20 years. He was selected as Lamar County Young Farmer and Rancher for 1993 and served as a board member of Farm Bureau Insurance. He is a member of the National Cattlemen s Association, the Texas Cattle Feeders Association, Covington County Cattlemen s Association, and the Seminary Baptist Church. Mr. Parker has been a director of the Company since 1995 and is also a director of the bank.

Dennis L. Pierce, 50, is president of Dennis Pierce, Inc., a real estate development company in Hattiesburg, Mississippi, and the owner and president of PierCon, Inc. of Hattiesburg, a general contracting firm. Through PierCon, Mr. Pierce is responsible for several commercial construction jobs, and he is also involved in numerous commercial ventures. Mr. Pierce is a director and national representative of the Hattiesburg Homebuilders Association, and a director of the North Lamar Water Association. Since 1995, he has been a member and broker with the Hattiesburg Board of Realtors. He attended the University of Southern Mississippi. Mr. Pierce has been a director of the Company since 1995 and is also a director of the bank.

J. Douglas Seidenburg, 48, is the owner and president of Molloy-Seidenburg & Co., P.A. He has been a CPA for more than 20 years. Mr. Seidenburg is involved in many civic, educational, and religious activities in the Jones County area. Past activities include serving as president of the Laurel Sertoma Club, president of the University of Southern Mississippi Alumni Association of Jones County, one of the founders of First Call for Help, a local United Way Agency started in 1990, treasurer of St. John s Day School, director of Leadership Jones County and Future Leaders of Jones County. Mr. Seidenburg is a graduate of the University of Southern Mississippi, where he earned a B.S. degree in Accounting. Mr. Seidenburg has been a director of the Company since 1998 and served as director of the Laurel Bank prior to consolidation. He also serves on the board of the bank.

Unless authority is expressly withheld, the proxy holder will vote the proxies received by him for the nominees for director listed above. Although each nominee has consented to being named in the Proxy Statement and to serve if elected, if any nominee should, prior to the Meeting, declare or become unable to serve as a director, the proxies will be voted by the proxy holder for such other persons as may be designated by the present Board of Directors.

**The Board of Directors unanimously recommends you vote FOR Proposal 1 to elect all the nominees.**

Set forth below is information about each of the Company s other directors and each of its executive officers.

David W. Bomboy, M.D., 61, is a lifelong resident of Hattiesburg, Mississippi. He graduated with honors in Pre-Medicine from the University of Mississippi in 1968 and earned an M.D. degree from the University of Mississippi Medical Center in 1971. Dr. Bomboy completed his orthopedic surgical training at the University of Mississippi in 1976. He is a board-certified orthopedic surgeon and has practiced orthopedics in southern Mississippi for 33 years. Dr. Bomboy is a member of the Mississippi State Medical Association, the American Medical Association, and served as past president of the Mississippi Orthopedic Society. He is the past president of the Methodist Hospital Medical Staff. Dr. Bomboy has been a director of the Company since 1995 and is also a director of the bank.

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Michael W. Chancellor, 40, a Laurel businessman, is owner of Chancellor Motor Group a business he entered in 2001, is managing partner in Chancellor Properties, a real estate investment company, and President of CESCO. He holds his B.S. in Business Administration with emphasis in Marketing from the University of Southern Mississippi. He is an Elder of First Trinity Presbyterian Church in Laurel and is a Rotarian. He was an active member of the Laurel bank board since inception prior to consolidation and served on the Laurel Advisory Board. He is also serves as director of our bank.

M. Ray (Hoppy) Cole, 46, currently serves as President of the bank and the company. Prior to joining the bank in September of 2002, Mr. Cole was Secretary/Treasurer and Chief Financial Officer of the Headrick Companies, Inc. for eleven years. Mr. Cole began his career with The First National Bank of Commerce in New Orleans, Louisiana and held the position of Corporate Banking Officer from 1985-1988. In December of 1988, Mr. Cole joined Sunburst Bank in Laurel, Mississippi serving as Senior Lender and later as President of the Laurel office. Mr. Cole graduated from the University of Mississippi where he earned a Bachelor s and Master s Degree in Business Administration. Mr. Cole also attended the Stonier Graduate School of Banking at the University of Delaware. He served as director from 1998 to 1999, and then from 2001 through the present. He also served as a director of our Laurel Bank prior to consolidation and currently serves on the board of the bank.

E. Ricky Gibson, 51, has been president and owner of N&H Electronics, Inc., a wholesale electronics distributor, since 1988 and of Mid South Electronics, a wholesale consumer electronics distributor, since 1993. He is active in the Parkway Heights United Methodist Church. Mr. Gibson has been a director of the Company since 1995 and is also a director of the bank.

David E. Johnson, 54, is the Chief Executive Officer, and Chairman of the Board of the Company. Mr. Johnson, a native of Laurel, Mississippi, received a B.S. degree in Agricultural Economics in 1975 and an M.B.A. degree, with emphasis in Finance, in 1977 from Mississippi State University. In 1990, he graduated from the University of Oklahoma Commercial Lending and Graduate School. Mr. Johnson has completed various OMEGA lending courses and has taught a course at the University of Mississippi School of Banking. From 1993 to 1994, he served as chairman of the Southern Mississippi Group of Robert Morris & Associates. From 1987 to 1995, Mr. Johnson was with Sunburst Bank, which merged with Union Planters National Bank, as senior lender for the Hattiesburg branch and later as senior lender and credit administrator for southern Mississippi. He was responsible for approving loans and maintaining the credit quality of a \$250 million portfolio of consumer, mortgage, and commercial loans. Currently, he is a member of Parkway Heights Methodist Church of Hattiesburg, and the Hattiesburg Racquet Club. He served as a Director of the New Orleans Branch of the Atlanta Federal Reserve Bank. He is a National Director of the Independent Community Bankers of America and was named to its Executive Committee. He also serves on the Board of Mississippi National Bankers Bank. He is on the Advisory Board for the Business School at the University of Southern Mississippi, and has served as a Director of the Area Development Partnership. Mr. Johnson was born in Laurel, Mississippi in 1953. Mr. Johnson has been a director of the Company since its inception in 1995 and is also a director of the bank.

Peeler G. Lacey, M.D., 53, is partner in Radiology Associates, P.A. in Laurel, MS and has practiced Diagnostic Radiology in South Mississippi for 24 years. After graduating from Emory University in Atlanta, Georgia in 1975, he earned his M.D. degree from the University of Mississippi Medical School in 1979. He completed his Diagnostic Radiology residency at the University of Mississippi Medical Center in 1983, and is a Diplomat of the American Board of Radiology. Dr. Lacey is a member of the American College of Radiology, American Medical Association, Mississippi State Medical Association, Radiological Society of North America, American Roentgen Ray Society, Southern Radiology Society, and the South Mississippi Medical Society. He is the past president of the Medical Staff at South Central Regional Medical Center in Laurel and is the past president of the South Mississippi Medical Society. He is an active member of the First Baptist Church of Laurel where he teaches Sunday School and is a deacon. He has served as chairman of the Deacons, chairman of the Personnel Committee and chairman of the Missions Committee. He is a member of the Advisory Board of the Pine Burr Area Council of the Boy Scouts of America. Dr. Lacey has served as chairman of the Pine Burr Area Council of the National Eagle Scout Association and as past chairman of the Chickasawhay District of the Boy

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Scouts of America. He is a member of and has served on the board of the 100 Club of Jones County. Dr. Lacey has served on the board since 2004 and is also on the board of the bank.

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Charles R. Lightsey, 68, owns his own business as a Social Security Disability Representative. Mr. Lightsey worked with the Social Security Administration for 39 years, serving as District Manager of the Laurel Office for 32 years. He is a recipient of The Commissioner's Citation, the highest accolade accorded by the SSA. His community involvement includes serving as a former deacon of the First Baptist Church of Laurel, member and Board of Directors of the Laurel Kiwanis Club, president of the Laurel-Jones County Council on Aging, member of the Pine Belt Mental Health Association Council and Chairman of the Federal, State and Local Government United Way. He received his degree in Management and Real Estate from the University of Southern Mississippi in 1961. Mr. Lightsey has been a director of the Company since 2003 and served on the board of the Laurel bank prior to consolidation. He currently serves on the Laurel Advisory Board and the board of the bank.

Fred A. McMurry, 43, is a lifetime resident of the Oak Grove area. He is currently President and General Manager of Havard Pest Control, Inc. with over 21 years of experience in this family-owned business. He also serves on the Advisory Board of the Mississippi Pest Control Association. In addition, he is President of West Oaks, LLC and Vice President of Oak Grove Land Company, Inc. Mr. McMurry has been a director of the Company since 1995 and is also a director of the bank.

Perry Edward Parker, 42, graduated from the University of Southern Mississippi in 1985 with a BS degree in Business Administration. He graduated from the University of Chicago Graduate School of Business in 1989 with an M.B.A. in Finance. Perry worked for Goldman Sachs and Associates as a Currency derivative trader from 1987 until 1995 in Chicago, New York, and London. In 1995 Mr. Parker became employed by Deutsche Bank and was employed with the bank until 2005 in various management and risk taking capacities leaving as a Managing Director in charge of Macro Proprietary Trading in the Global Markets division. In May 2005, Perry joined Peloton Partners Capital Management, a London based hedge fund as a Partner. Perry moved to Santa Barbara, California from London in September, 2005, opening Peloton's U.S. office. He has been a director of the Company since 1995. Mr. Parker recently announced his resignation from the Board of Directors effective March 20, 2008, due to the demands of his business.

Gerald C. Patch, 55, is an attorney with the law firm of McDonald & Patch, PLLC, in Picayune, Mississippi. Mr. Patch is a 1971 graduate of Picayune Memorial High School; a 1975 graduate of Mississippi State University with a B.S. Degree in Business Management; and a 1978 graduate of the University of Mississippi School of Law. He practiced law in Picayune from 1978 until 1984 when he joined a law firm in Titusville, Florida from 1984 until 1993. While in Picayune, he served as a member of the Picayune City Council, the Board of Directors for the Picayune Chamber of Commerce, and as City Judge in Poplarville. Prior to returning to Picayune to practice law, Mr. Patch resided in Branson, Missouri from 1993 until late 2001 where he served as president of Ozark Laundry, Inc., a company that specialized in wet garment processing for clothing manufacturers. He presently serves as attorney for the Picayune School District School Board; as City Prosecutor for the City of Picayune, and as attorney for Coast Electric Power Association. Mr. Patch has been a member of the board of directors of the Company since 2003 and also serves on the Picayune Advisory Board, as well as the board of directors of the bank.

Ralph T. Simmons, 75, is a retired vice president of Sunbeam-Oster Corporation, where he was employed from 1963 to 1995 as credit manager, assistant treasurer, and vice president. Mr. Simmons has served as chairman of the deacons of the First Baptist Church of Laurel, chairman of the Salvation Army, Chairman of the Red Cross, chairman of the FBLA/PBL Foundation, president of the University of Southern Mississippi World Wide Alumni Association, Lt. Gov. of the LA-MS-WTN District of Kiwanis International, and moderator of the Jones County Baptist Association. Mr. Simmons was a member of the board of directors of the University of Southern Mississippi Foundation and currently serves as a member of the Investment Committee of the University of Southern Mississippi Foundation. Mr. Simmons is a native of Laurel, Mississippi and graduated

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from the University of Southern Mississippi with a B.S. degree. Mr. Simmons was a director of the Company from 1998 to 2002 and from 2003 to the present. He served on the board of the Laurel bank prior to consolidation. He currently serves on the Laurel Advisory Board and the board of the bank.

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A. L. Pud Smith, 79, was born in 1929 in Brooklyn, Mississippi. Before attending the University of Southern Mississippi, Mr. Smith was in the military. He entered the petroleum business in 1960, starting with a service station, and was the owner and manager of A. L. Smith Oil Company, Inc., a wholesale and retail petroleum products company, for many years. He now is semi-retired and serves as a consultant in the business. Mr. Smith's community activities range from being the Mayor of the City of Lumberton, past president of the Jaycees, past president of the Lions Club, and a member of the Rotary Club (a Paul Harris Fellow). He is an active member of the First Baptist Church of Lumberton where he is a deacon and has been a member of the finance committee for 30 years. Mr. Smith has been a director of the Company since 1995 and is also a director of the bank. Mr. Smith will be retiring from the Board of Directors effective May 22, 2008, having attained retirement age. Mr. Smith will serve as Director Emeritus until the 2009 Annual Meeting of Shareholders.

Andrew D. Stetelman, 48, is the third generation of his family in London and Stetelman Realtors. He graduated from the University of Southern Mississippi in 1983. He has served in many capacities with the National, State, and Hattiesburg Board of Realtors, and is past president and the Realtor of the Year in 1992 of the Hattiesburg Board of Realtors and the first Mississippi Commercial Realtor of the Year. He presently serves as the chairman of the Hattiesburg Convention Center, is a board member for the Area Development Partnership, and is a member of the Kiwanis International. Mr. Stetelman was born in 1960 in Hattiesburg, Mississippi. Mr. Stetelman has been a director of the Company since 1995 and is also a director of the bank.

DeeDee Lowery, CPA, 41, serves as Executive Vice President and Chief Financial Officer of the Company and the bank. Prior to joining the bank in February of 2005, Ms. Lowery was Vice President and Investment Portfolio Manager of Hancock Holding Company for 4 years. Ms. Lowery began her career in 1988 with McArthur, Thames, Slay and Dews, PLLC as a staff accountant until joining Lamar Capital Corporation in 1993. From 1993 until the merger in 2001 with Hancock Holding Company, Ms. Lowery held several positions beginning with Internal Auditor for 2 years, Comptroller for 3 years and then Chief Financial Officer and Treasurer for 3 years. Ms. Lowery graduated from the University of Southern Mississippi where she earned a Bachelor's Degree in Business Administration with an emphasis in Accounting. Ms. Lowery is a member of the Ms Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Ms. Lowery is a member of the Funds Distribution Committee of the United Way, the Rotary Club of Petal and is currently serving as President of the Petal Children's Task Force. Ms. Lowery is also an active member of United Fellowship Church.

David O. Thoms, Jr., 63, serves as Executive Vice President and Chief of Operations for The First Bancshares, Inc., and the bank. Mr. Thoms received a B.S. in General Business from Mississippi State University. Mr. Thoms worked as a state Bank Examiner prior to beginning his banking career in 1969 with Commercial National Bank and Trust Company (now known as Trustmark National Bank) in Laurel, Mississippi, where he served as Vice President and Cashier and was in charge of all phases of operations. Prior to joining the Hattiesburg bank in 1998, Mr. Thoms was co-owner of Builders Supply Company of Hattiesburg, Inc. from June of 1990 through December of 1997 and Thoms Accounting Service from February 1997 through April of 1998. Mr. Thoms spent 27 years in the Mississippi Army National Guard, retiring in 1993 as a Lt. Colonel-Transportation Corp.

### *Family Relationships*

Perry E. Parker and Ted E. Parker are brothers. Both have been directors since the company's inception until Perry Parker's resignation in March of 2008. M. Ray Hoppy Cole, Jr, Director,



President of the Company and the Bank, is the son of Ellen Cole, President, Pascagoula Branch.

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**PROPOSAL 2 APPROVAL OF INDEPENDENT PUBLIC ACCOUNTANTS**

The Board of Directors has appointed T.E. Lott & Company, a firm of independent certified public accountants, as auditors for the fiscal year ending December 31, 2008, and until their successors are selected.

The Company has been advised that neither the firm nor any of its partners has any direct or any material indirect financial interest in the securities of the Company or its subsidiaries, except as auditors and consultants on accounting procedures and tax matters. The Board anticipates that representatives of T.E. Lott & Company will be in attendance at the Annual Meeting, be present to make a statement or be available to respond to questions.

Although not required to do so, the Board of Directors has chosen to submit its appointment of T.E. Lott & Company for ratification by the Company's shareholders. It is the intention of the persons named in the Proxy to vote such Proxy FOR the ratification of this appointment. If this proposal does not pass, the Board of Directors will reconsider the matter. The proposal will be ratified if the votes cast favoring the appointment exceed the votes cast opposing it.

**The Board of Directors unanimously recommends you vote FOR Proposal 2 to ratify the appointment of T.E. Lott & Company as independent public accountants for the fiscal year ending December 31, 2008.**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Overview of Compensation Program**

The Compensation Committee (for purposes of this analysis, the Committee) of the Board has responsibility for establishing, implementing and continually monitoring adherence with the Company's compensation philosophy. The Committee ensures that the total compensation paid to the named executive officers is fair, reasonable and competitive. Generally, the types of compensation and benefits provided to the named executive officers, including the actively-employed named executive officers, are similar to those provided to other executive officers in publicly traded financial institutions.

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer and Chief Financial Officer during fiscal 2007, as well as the other individuals included in the Summary Compensation Table on page 13, are referred to as the named executive officers.

**Compensation Philosophy and Objectives**

The Committee believes that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals by the Company, and which aligns the interests of the executive officers with the Company's overall business strategy, values and management initiatives. These policies are intended to reward executives for strategic management and the enhancement of shareholder value and support a performance-oriented environment that rewards achievement of internal goals. The Committee evaluates both performance and compensation to ensure that the Company maintains its ability to attract and retain superior employees in key positions and that compensation provided to key

employees remains competitive relative to the compensation paid to similarly situated executives of our peer companies. To that end, the Committee believes executive compensation packages provided by the Company to its executives, including the named executive officers, should be designed to include both cash and stock-based compensation that reward performance as measured against established goals.

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#### **Role of Executive Officers in Compensation Decisions**

The Committee makes all compensation decisions for the named executive officers and approves recommendations regarding equity awards to all named executive officers of the Company. Decisions regarding the non-equity compensation of other executive officers are made by the Committee and the Chief Executive Officer.

The Committee and the Chief Executive Officer annually reviews the performance of each member of the named executive officers (other than the Chief Executive Officer whose performance is reviewed by the Committee). The conclusions reached and recommendations based on these reviews, including with respect to salary adjustments and annual award amounts, are presented to the Committee. The Committee can exercise its discretion in modifying any recommended adjustments or awards to executives.

#### **Setting Executive Compensation**

Based on the foregoing objectives, the Committee has structured the Company's annual and long-term incentive-based cash and non-cash executive compensation to motivate executives to achieve the business goals set by the Company and reward the executives for achieving such goals. To that end, the Committee has retained Clark Consulting to provide research for benchmarking purposes related to executive compensation. Additionally, the Company subscribes to and participates in the Mississippi Bankers Association survey, which provides the Committee with comparative compensation data from the Company's market areas and its peer groups. This information is used by the committee to ensure that it is providing compensation opportunities comparable to its peer group, thereby allowing the Company to retain talented executive officers who contribute to the Company's overall and long-term success.

It is anticipated that the services provided by Clark Consulting will be used as the basis of comparison of compensation between the Company and the companies in the Compensation Peer Group.

#### **2007 Executive Compensation Components**

Historically, and for the fiscal year ended December 31, 2007, the principal components of compensation for named executive officers were:

- base salary;
- performance-based incentive bonus compensation;
- equity incentive compensation;
- retirement and other benefits; and
- Perquisites and other personal benefits.

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### *Base Salary*

The Company provides named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for named executive officers are determined for each executive based on his or her position and responsibility.

During its review of base salaries for executives, the Committee primarily considers: 1) performance of the Company; 2) market data provided by our outside consultants; 3) internal review of the executive s compensation, both individually and relative to other officers; and 4) individual performance of the executive. Salary levels are typically considered annually as part of the Company s performance review process as well as upon a promotion or other change in job responsibility. Merit based increases to salaries of the named executive officers are based on the Committee s assessment of the individual s performance.

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### *Performance-Based Incentive Compensation*

The Company has established an incentive bonus compensation plan that is based upon individual performance as well as team and corporate performance. Named executive officers in the Company have unique performance goals in up to nine (9) categories. The individual measures relate primarily to sales, service quality, regulatory compliance, timeliness, and financial goals. The particular measures on an individual s performance depend on the actions that are determined to be most important for that individual to achieve for the current year. The estimated bonus payouts are accrued throughout the year. Cash bonuses may be granted to executives at each year end depending on the achievement of a corporate performance target such as earnings per share, which was used in 2007. The Company s Chief Executive Officer has measures that are company-wide in nature. The measures for 2007 were for net income, earnings per share and return on equity. Each measure was weighted equally for 2007.

For the year ended December 31, 2007, the following cash bonuses were awarded:

David E. Johnson	\$80,950
M. Ray "Hoppy" Cole, Jr.	\$12,717
DeeDee Lowery	\$15,000
David O. Thoms, Jr.	\$ 7,623

### *Equity Incentive Compensation*

#### 1997 Stock Option Plan

In 1997, the Company adopted the 1997 Stock Option Plan (1997 Plan) which provides for the granting of options to purchase up to 144,370 shares of Company common stock by directors and key employees of the Company and its subsidiary. Options granted under the 1997 Plan were exercisable at December 31, 1999, and expired on March 18, 2007. As of December 31, 2007, all shares had been exercised or forfeited. The options were exercisable at not less than the market value of the Company s stock at the grant date. The 1997 Plan was replaced by the 2007 Plan.

#### 1999 Stock Option Plan

On May 27, 1999, the Company s shareholders approved the 1999 Stock Incentive Plan (1999 Plan). The 1999 Plan provides for the granting of options to purchase up to 213,376 shares of the

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Company's common stock by the Company's and its subsidiary's directors, key employees, and management. Under the 1999 Plan, the Company may grant either incentive stock options or nonqualified stock options. Options granted to directors and employees vest in equal amounts over three years. Stock options granted to management vest based on annual performance goals or after nine years and eleven months, if still employed. At December 31, 2007, 213,356 options had been granted, and 92,580 had been exercised or forfeited. All options expire and are void unless exercised on or before April 15, 2009. The options are exercisable at not less than the market value of the Company's stock at the grant.

### 2007 Stock Option Plan

In 2007, the Company adopted the 2007 Stock Incentive Plan. The 2007 Plan provides for the issuance of up to 315,000 shares of Company Common Stock, \$1.00 par value per share. Shares issued under the 2007 Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

Awards of Company Common Stock under the 2007 Plan may take the form of a stock option, including an incentive stock option (a stock option which meets the applicable requirements of the Internal Revenue Code), stock appreciation rights (an award entitling a holder to receive an amount in cash, Company Common Stock, or a combination of both determined by reference to the excess of the fair market value of a specified number of shares of Company Common Stock over a specified price which shall not be less than the fair market value of such shares as of the date of the grant), restricted stock awards (a transfer of shares subject to certain restrictions on transfer or other incidents of ownership or subject to specified performance standards), dividend equivalent rights (an award entitling a holder to receive an amount in cash, Company Common Stock, or a combination of both determined by reference to the cash dividends paid on a specified number of shares of Company Common Stock from the date of grant), performance unit awards, restricted stock units or other stock-based awards (including without limitation, awards entitling recipients to receive shares of Company Common Stock to be delivered in the future) (collectively referred to as Awards). As of 12-31-07, no awards had been granted.

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### *Retirement and Other Benefits*

All employees of the Company, including named executive officers, are eligible to participate in the The First Bancshares, Inc. 401K Plan and Trust.

The Company sponsors an Employee Stock Ownership Plan (ESOP), which was established in 2006 for employees who have completed one year of service for the Company and attained age 21. Employees become fully vested after five years of service. Contributions to the plan are at the discretion of the Board of Directors. At December 31, 2007, the ESOP held 6,946 shares of Company common stock and had no debt obligation.

### *Perquisites and Other Personal Benefits*

The Company provides named executive officers with perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

The named executive officers participate in the Company's broad-based employee benefit plans, such as medical, dental, supplemental disability and term life insurance programs. Some of the named executive officers are provided use of company automobiles. The vehicle is provided

primarily for their business travel. Personal use is taxed through the Company's payroll process. Each named executive officer and certain other members of senior management are entitled to receive a cash payment upon such executive's death through the split-dollar death benefit funded by bank-owned life insurance.

Attributed costs of the personal benefits described above for the named executive officers for the fiscal year ended December 31, 2007, are included in the Summary Compensation Table on page 13.

The Company has entered into Change of Control Agreements with certain key employees. The Change of Control Agreements are designed to promote stability and continuity of senior management. Information regarding applicable payments under such agreements for the named executive officers is provided under the heading Payments Made Upon a Change of Control on page 17.

### **Tax and Accounting Implications**

#### *Deductibility of Executive Compensation*

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than \$1,000,000 that is paid to certain individuals. The Company believes that compensation paid under the incentive plans are generally fully deductible for federal income tax purposes.

#### *Accounting for Stock-Based Compensation*

Beginning on January 1, 2006, the Company began accounting for stock-based payments including its 1999 Plan in accordance with the requirements of FASB Statement 123(R).

### **COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION COMMITTEE

E. Ricky Gibson, Chairman  
David W. Bomboy  
Charles R. Lightsey  
Ralph T. Simmons  
A. L. Smith

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Name and Principal Position	Year	Salary	Compensation
David E. Johnson, Chairman of the Board and CEO	2007	\$162,591.00	\$80,950.00
M. Ray "Hoppy" Cole, Jr., President	2007	155,465.10	12,717.00
Dee Dee Lowery, Chief Financial Officer	2007	110,518.27	15,000.00
David O. Thoms, Jr., Chief Operations Officer	2007	83,539.34	7,623.00

The First Bancshares, Inc.  
SCT (Continued)  
All Other Compensation  
For the Year Ended December 31, 2007

Name	Auto Allowance	401(k) Match	Group Term Life Insurance	Medical, Dental, Disability Insurance	Split Dollar Death Benefit BOLI
David E. Johnson	\$652.50	\$5,250.56	\$360.00	\$6,056.26	\$2,069.00
M. Ray "Hoppy" Cole, Jr.	\$1,162.50	\$4,619.00	\$360.00	\$6,845.92	\$333.00
Dee Dee Lowery	-	\$2,476.60	\$360.00	\$5,180.56	\$225.00
David O. Thoms, Jr.	-	\$2,524.06	\$230.40	\$5,893.88	\$906.00

- (1) Represents reimbursement for club dues and cell phones for all named executives as well as M. Ray Cole, Jr.
- (2) Represents David Johnson's exercise of non-incentive stock options from the 1997 Stock Option Plan. The exercise price was \$5.00 per share for 6,562 shares and the value at the time of exercise was \$22.50 per share.

The First Bancshares, Inc.  
Summary Compensation Table  
For the Year ended December 31, 2007

Name	Equity Incentive Plan Awards			Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unearned Options (#)				

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David E. Johnson	60,086	-	-	7.50	4-15-09	-	-
M. Ray "Hoppy" Cole	3,430	-	-	7.50	4-15-09	-	-
"	6,000	-	-	8.75	4-15-09	-	-
"	1620	810	-	12.50	4-15-09	-	-
Dee Dee Lowery	667	333	-	12.50	4-15-09	-	-
David O. Thoms, Jr.	-	166	-	12.50	4-15-09	-	-

(1) The option vesting schedule is 33 1/3% per year for three years.

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The First Bancshares, Inc.  
Option Exercises and Stock Vested  
For the Year Ended December 31, 2007

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value realized Upon Exercise (#)
David E. Johnson, Chairman of the Board and CEO	49,874	\$972,975.00
M. Ray "Hoppy" Cole, Jr., President	-	-
Dee Dee Lowery, CFO	-	-
David O. Thoms, Jr., COO	167	\$2,922.50

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The First Bancshares, Inc.  
Director Compensation Table  
For the Year Ended December 31, 2007

Name	Fees Earned or Paid in Cash (1) (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension and Nonqualified Deferred Compensation Earnings (2)
David E. Bomboy	\$ 1,850	-	-	-	\$114,835
E. Ricky Gibson	6,525	-	-	-	114,835
Fred A. McMurry	3,650	-	-	-	114,835
Perry E. Parker	525	-	-	-	114,835
Ted Parker	3,950	-	-	-	114,835
Dennis L. Pierce	4,150	-	-	-	114,835
J. Douglas Seidenburg	8,925	-	-	-	-
Ralph T. Simmons	7,975	-	-	-	-
A. L. Smith	4,000	-	-	-	-
Andrew D. Stetelman	4,750	-	-	-	114,835
Charles R. Lightsey	7,875	-	-	-	-

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Gregory H. Mitchell	5,950	-	-	-	-
Gerald C. Patch	4,750	-	-	-	-
Peeler G. Lacey	4,850	-	-	-	-
Michael W. Chancellor	4,350	-	-	-	-

- 
- (1) The First Bancshares, Inc. board meeting pays \$200 per meeting; The First, A National Bankin Association board meeting pays \$300 per meeting; advisory board meeting pays \$150 per meetin committee meeting pays \$125 per meeting with a quarterly retainer of \$300; all other committ \$50 per meeting. Each director is paid in the form of cash.
- (2) Represents exercise of non-incentive stock options from the 1997 Stock Option Plan. The exe was \$5.00 per share for 6,562 shares and the value at the time of exercise was \$22.50 per sh

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The First Bancshares, Inc.  
 Potential Payments Upon Termination or Change-in-Control  
 As of December 31, 2007

Executive Benefits and Payments Upon Termination	Voluntary Termination	Termination for Good Reason Upon Change in Control
<b>David E. Johnson</b>		
Compensation:		
Base Salary	\$269,835	\$359,780
Benefits & Perquisites:		
BOLI Death Benefit		
<b>M. Ray "Hoppy" Cole</b>		
Compensation:		
Base Salary	-	-
Benefits & Perquisites:		
BOLI Death Benefit		
<b>DeeDee Lowery</b>		
Compensation:		
Base Salary	-	166,440
Benefits & Perquisites:		
BOLI Death Benefit		
<b>David O. Thoms, Jr.</b>		
Compensation:		
Base Salary	-	-
Benefits & Perquisites:		
BOLI Death Benefit		

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**SECURITY OWNERSHIP OF CERTAIN  
 BENEFICIAL OWNERS AND MANAGEMENT**

*Stock Ownership of Management*

The following table sets forth certain information regarding the beneficial ownership of common s Company owned by the directors, nominees for director, and executive officers, as of March 25, 2

Name and Address of	Amount and Nature	Right to
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Beneficial Owner	Of Beneficial Ownership(1)	Acquire (2)
David W. Bomboy, M.D. 17 Brighton Court Hattiesburg, MS 39402	69,062	2,338
M. Ray (Hoppy) Cole 607 Briarwood Lane Picayune, MS 39466	15,556	11,030
E. Ricky Gibson 127 W. Canebrake Blvd. Hattiesburg, MS 39402	51,302	2,338
David E. Johnson 108 Greenwood Place Hattiesburg, MS 39402	78,120	60,086
Peeler G. Lacey, M.D. 2432 Ridgewood Drive Laurel, MS 39440	60,000	-0-
Charles R. Lightsey 2216 Old Bay Springs Rd. Laurel, MS 39440	31,380	850
Fred A. McMurry 42 Johnie McMurry Rd. Hattiesburg, MS 39402	50,156	2,338
Gregory H. Mitchell 1200 Third Ave. Picayune, MS 39466	1,610	-0-

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Name and Address of Beneficial Owner	Amount and Nature Of Beneficial Ownership(1)	Right to Acquire (2)
Perry E. Parker 4739 Calle Las Brisas Santa Barbara, CA 93110	107,896	2,338
Ted E. Parker 165 Herbert Trigg Rd. Seminary, MS 39479	38,962	2,338
Gerald Claiborne Patch 38 Eldridge Patch Rd. Picayune, MS 39466	400	-0-
Dennis L. Pierce 23 Liberty Place Hattiesburg, MS 39402	58,270	-0-
J. Douglas Seidenburg 18 Lakeland Drive Laurel, MS 39440	50,000	3,430

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Ralph T. Simmons 1808 7th Ave. Laurel, MS 39440	43,000	-0-
A. L. Smith P. O. Box 124 Lumberton, MS 39455	30,900	-0-
Andrew D. Stetelman 1105 Oakleigh Drive Hattiesburg, MS 39402	23,066	2,338
Michael W. Chancellor P. O. Drawer 7 Laurel, MS 39441	24,834	3,430
Donna T. Lowery 45 W. Temple Rd. Petal, MS 39465	12,112	667

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Name and Address of Beneficial Owner	Amount and Nature Of Beneficial Ownership(1)	Right to Acquire (2)
David O. Thoms, Jr. 45 Oak Crest Drive Laurel, MS 39440	7,644	-0-
Executive Officers, Directors, and Nominees as a group	754,270	93,521

- (1) Includes shares for which the named person:
- has sole voting and investment power,
  - has shared voting and investment power with a spouse, or
  - holds in an IRA or other retirement plan program, unless otherwise indicated in the
- Does not include shares that may be acquired by exercising stock options.
- (2) Includes shares that may be acquired within the next 60 days by exercising vested stock does not include any other stock options.
- (3) Determined by assuming the named person exercises all options which he or she has the right to acquire within 60 days, but that no other persons exercise any options. Calculated based on shares outstanding plus outstanding stock options in the amount of 93,521.

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*Stock Ownership of Principal Stockholders*

As of March 25, 2008, to the registrant's knowledge, there were no beneficial owners of five percent (5%) or more of the outstanding common stock.

**ADDITIONAL INFORMATION CONCERNING DIRECTORS AND OFFICERS**

*Meetings of the Board of Directors*

During the year ended December 31, 2007, the Board of Directors of the Company held four meetings. All of the directors of the Company attended at least 75% of the aggregate of such Board meetings and the meetings of each committee on which they served, except: David Bomboy and Perry Parker

*Committees of the Board of Directors*

The Audit Committee of the Company is composed of the following independent members: J. Douglas Seidenburg, E. Ricky Gibson, Ralph Simmons, Charles Lightsey and Perry E. Parker. The Audit Committee met five times during the year ended December 31, 2007. On February 21, 2002, the Board adopted a written Audit Committee Charter, a copy of which was attached as Exhibit A to the Proxy Statement for the 2003 Annual Meeting and can be found at the Company's internet website at [www.thefirstbank.com](http://www.thefirstbank.com) under Corporate Governance. The Audit Committee has the responsibility of reviewing the Company's financial statements, evaluating internal accounting controls, reviewing reports of regulatory authorities, and determining that all audits and examinations required by law are performed. The Committee also recommends to the Board of the Company the appointment of the independent auditors for the next fiscal year, reviews and approves the auditor's audit plans, and reviews with the independent auditors the results of the audit and management's responses. The Audit Committee is responsible for overseeing the entire audit function and appraising the effectiveness of internal and external audit efforts for the Company. The Audit Committee reports its findings to the Board of Directors of the Company. The Board of Directors has determined that the members of the Audit Committee are independent. The Board of Directors has also determined that there is at least one independent audit committee financial expert, J. Douglas Seidenburg, serving on the Audit Committee, as the terms independent and audit committee financial experts are used in pertinent Securities and Exchange Commission laws and regulations.

The Company's Board of Directors has appointed a Compensation Committee and a Nominating Committee.

The Compensation Committee is responsible for establishing the compensation plans for the bank. Its duties include the development with management of all benefit plans for employees of the bank, the formulation of bonus plans, incentive compensation packages, and medical and other benefit plans. On April 4, 2008, the Board adopted a written Compensation Committee Charter and a Compensation Philosophy, which can be found at the Company's internet website at [www.thefirstbank.com](http://www.thefirstbank.com) under Corporate Governance. The Compensation Committee met eight times during the year ended December 31, 2007. The Compensation Committee is composed of the following members: A. L. Smith, E. Ricky Gibson, David Bomboy, Charles Lightsey, and Ralph Simmons, all of whom are independent directors.

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The Nominating Committee is responsible for nominating individuals for election to the Company's Board of Directors. The Nominating Committee met six times during the year ended December 31, 2007, and consists of J. Douglas Seidenburg, Andrew Stetelman, Fred A. McMurry, and Gregory Mitchell, all of whom are independent directors. The Company adopted a Nominating Committee Charter, a copy of which was attached as Exhibit B to the Proxy Statement for the 2004 Annual Meeting. A copy of the Nominating Committee Charter can be found at the Company's internet website at [www.thefirstbank.com](http://www.thefirstbank.com) under Corporate Governance. The Nominating Committee welcomes recommendations made by shareholders of the Company. Any recommendations for the 2009 Annual Shareholders Meeting should be made in writing addressed to the Nominating Committee, c/o Chandra Kidd at 6480 U.S. Highway 98 West (39402), Post Office Box 15549, Hattiesburg,

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Mississippi, 39404-5549 by December 7, 2008. It is the Nominating Committee's policy to consider director candidates recommended by stockholders who appear to be qualified to serve on the Company's Board of Directors. The Nominating Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating Committee does not perceive a need to increase the size of the Board of Directors. The Nominating Committee will consider only those director candidates recommended in accordance with the Nominating Committee Shareholder Policies and Procedures, a copy of which was attached as Exhibit C to the Proxy Statement for the 2004 Annual Meeting. A copy of the Nominating Committee Shareholder Policies and Procedures can be found at the Company's internet website at [www.thefirstbank.com](http://www.thefirstbank.com) under Corporate Governance.

### *Report of the Audit Committee*

The Audit Committee of the Company has:

- Reviewed and discussed the audited financial statements with management of the
- Discussed with the independent auditors the matters required to be discussed by Company Accounting Oversight Board ("PCAOB") Interim Auditing Standard AU Section "Communication with Audit Committees."
- Received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, and have discussed with the independent auditors the auditors' independence.
- Based on the review and discussions above, recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on the last fiscal year for filing with the Securities and Exchange Commission.

The Board of Directors has determined that the members of the Audit Committee are independent as defined in pertinent NASDAQ rules.

Members of the Audit Committee:

J. Douglas Seidenburg  
E. Ricky Gibson  
Ralph T. Simmons  
Charles R. Lightsey  
Perry E. Parker

### *Certain Relationships and Related Transactions*

Officers, directors and 10% beneficial owners of the Company and its associates, including members of their families or corporations, partnerships, or other organizations in which such officers or directors have a controlling interest, are customers of the bank and have transactions with the banks in the ordinary course of business, and may continue to do so in the future. All outstanding loans and commitments included in such transactions were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than normal risk of collectability or present other unfavorable features. All directors other than David E. Johnson and M. Ray Hoppy Cole, Jr. are independent as defined in pertinent Nasdaq rules.

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## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers, and beneficial owners of more than 10% to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock. Executive officers and directors are required by Securities and Exchange Commission Regulations to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended December 31, 2007, all Section 16(a) filing requirements applicable to the Company's executive officers and directors were complied with except for a Form 4 filing for David O. Thoms, Jr. that was filed late due to an oversight.

## PRINCIPAL ACCOUNTANT FEES AND SERVICES

### Independent Public Accountants

T.E. Lott & Company were the independent auditors for the Company during the year ending December 31, 2007, and will serve as the independent auditors to the Company for the year ending December 31, 2008. The Company expects a representative of this firm to attend the Meeting, to have the opportunity to make a statement if they desire to do so, and to be available to respond to appropriate questions from shareholders.

### Audit Fees

The following is a summary of fees related to services performed for the Company by T.E. Lott & Company for the years ended December 31, 2007 and 2006:

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<b>Audit Fees</b> - Audit of the consolidated statements and quarterly review of financial statements included in Form 10-Q and Consents	\$59,
<b>Audit Related Fees</b> - Services in connection with application of accounting pronouncements and Sarbanes-Oxley Act	2,
<b>Tax Services</b> - Preparation of federal and state income tax and property returns	8,
<b>All other fees</b> - Assistance with and compilation of regulatory filings with Federal Reserve Bank	
-----	
	<b>Total</b>
-----	\$70,

The Audit Committee has adopted pre-approval policies and procedures, a copy of which was attached as Exhibit A to the Proxy Statement for the 2004 Annual Meeting. A copy of the pre-approval policies and procedures can be found at the Company's internet website at [www.thefirstbank.com](http://www.thefirstbank.com) under Corporate Governance. One hundred percent of the fees set forth above were preapproved by the Audit Committee. The Audit Committee has considered whether the provision of non-audit services is compatible with maintaining the principal accountant's

independence.

*Solicitation of Proxies*

The cost of soliciting proxies from shareholders will be borne by the Company. The initial solicitation will be by mail. Thereafter, proxies may be solicited by directors, officers and employees of the Company or the bank, by means of telephone, telegraph or personal contact, but without additional compensation therefore. The Company will reimburse brokers and other persons holding shares as nominees for their reasonable expenses in sending proxy soliciting material to the beneficial owners.

*Proposals of Shareholders*

Any proposal of a shareholder to be presented for action at the Annual Meeting of Shareholders to be held in the year 2009 must be received at the Company's principal executive office no later than December 7, 2008, if it is to be included in management's proxy statement. To ensure prompt receipt by the Company, the proposal should be sent certified mail, return receipt requested. Proposals must comply with the Company's bylaws relating to shareholder proposals and certain Securities and Exchange Commission Regulations in order to be included in the Company's proxy materials.

The Company's proxy for the year 2009 meeting may confer discretionary authority to vote on any proposal of a shareholder to be presented for action at the Annual Meeting of Shareholders to be held in the year 2009 which is not received prior to December 7, 2008, at the Company's principal executive office.

*Annual Report*

The 2007 Annual Report to shareholders of the Company, including audited financial statements of the Company, is enclosed for the information of the shareholders. The Annual Report and financial statements are not a part of the proxy soliciting material.

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**PROXY SOLICITED FOR ANNUAL MEETING  
OF SHAREHOLDERS OF THE FIRST BANCSHARES, INC.  
TO BE HELD ON MAY 22, 2008**

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

The undersigned hereby appoints David E. Johnson as Proxy with the power to appoint his hereby authorizes him to represent the undersigned, and to vote upon all matters that may properly come before the Annual Meeting including the matters described in the Proxy Statement furnished herewith, subject to the directions indicated herein, with full power to vote all shares of common stock of The First Bancshares, Inc. held of record by the undersigned on April 3, 2008, at the Annual Meeting of Shareholders to be held on May 22, 2008, or any adjournment(s) thereof.

IF NO DIRECTIONS ARE GIVEN, THE PROXIES WILL VOTE FOR EACH NOMINEE LISTED BELOW AND AT THE ANNUAL MEETING FOR THE PERSON NAMED ABOVE IN CONNECTION WITH ANY OTHER BUSINESS PROPERLY COMING BEFORE THE MEETING.

**The Board of Directors recommend you vote FOR Proposals 1 and 2**

1. **PROPOSAL 1**: To elect the four (4) identified nominees as directors.

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Class I

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Gregory H. Mitchell  
Ted E. Parker  
Dennis L. Pierce  
J. Douglas Seidenburg

( ) FOR all nominees ( ) WITHHOLD AUTHORITY  
listed (except as marked to to vote for all nominees  
the contrary)

(INSTRUCTION: To withhold authority to vote for any individual nominee(s), write  
in the space provided below)

- 2. **PROPOSAL 2:** To approve the appointment of T.E. Lott & Company as the Independent  
Accountants for the Company

( ) FOR ( ) AGAINST

Signature:

-----

Signature:

-----

Dated: \_\_\_\_\_, 2008

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Votes must be indicated by an (x) in Black or Blue Ink.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY PROMPTLY USING THE ENCLOSED ENVELOPE