

BANCORPSOUTH INC  
Form DEF 14A  
March 26, 2010

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. \_\_\_\_\_)**

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 §240.14a-12

**BANCORPSOUTH, INC.**

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

**One Mississippi Plaza  
201 South Spring Street  
Tupelo, Mississippi 38804**

March 26, 2010

**TO THE SHAREHOLDERS OF  
BANCORPSOUTH, INC.**

On Wednesday, April 28, 2010, at 9:00 a.m. (Central Time), the annual meeting of shareholders of BancorpSouth, Inc. will be held at BancorpSouth Corporate Headquarters, Fourth Floor Board Room, One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804. You are cordially invited to attend and participate in the meeting.

Please read our enclosed Annual Report to Shareholders and the attached Proxy Statement. They contain important information about BancorpSouth and the matters to be addressed at the annual meeting.

Whether or not you plan to attend the annual meeting, I urge you to vote your proxy as soon as possible to assure your representation at the meeting. For your convenience, you can vote your proxy in one of the following ways:

Use the Internet at the web address shown on your proxy card;

Use the telephone number shown on your proxy card; or

Complete, sign, date and return your proxy card in the postage-paid envelope provided.

Instructions regarding each method of voting are contained in the Proxy Statement and on the enclosed proxy card. If you attend the annual meeting and desire to vote your shares personally rather than by proxy, you may withdraw your proxy at any time before it is exercised.

I look forward to seeing you at this year's annual meeting.

Sincerely,

AUBREY B. PATTERSON  
*Chairman of the Board  
and Chief Executive Officer*

Enclosures:

1. Proxy Card and Business Reply Envelope
2. Annual Report to Shareholders

**YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE YOUR PROXY BY INTERNET,  
TELEPHONE OR BY COMPLETING, SIGNING, DATING  
AND RETURNING THE ENCLOSED PROXY CARD PROMPTLY.**

---

**Table of Contents**

**One Mississippi Plaza  
201 South Spring Street  
Tupelo, Mississippi 38804  
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held April 28, 2010**

**TO THE SHAREHOLDERS OF  
BANCORPSOUTH, INC.**

The annual meeting of shareholders of BancorpSouth, Inc. will be held on Wednesday, April 28, 2010, at 9:00 a.m. (Central Time) at BancorpSouth Corporate Headquarters, Fourth Floor Board Room, One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804 for the following purposes:

- (1) To elect four directors;
- (2) To ratify the Audit Committee's appointment of KPMG LLP as the independent registered public accounting firm of BancorpSouth, Inc. and its subsidiaries for the year ending December 31, 2010;
- (3) To consider and act upon a shareholder proposal requesting necessary steps be taken to cause the annual election of all directors, if properly presented at the annual meeting; and
- (4) To transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on March 10, 2010 as the record date for determining shareholders entitled to notice of and to vote at the meeting.

By order of the Board of Directors,

AUBREY B. PATTERSON  
*Chairman of the Board  
and Chief Executive Officer*

March 26, 2010

**IMPORTANT:**

**WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, TO ASSURE THE PRESENCE OF A QUORUM, PLEASE VOTE YOUR PROXY BY INTERNET, TELEPHONE OR BY COMPLETING, SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD PROMPTLY. IF YOU ATTEND THE ANNUAL MEETING AND WISH TO VOTE YOUR SHARES PERSONALLY, YOU MAY DO SO AT ANY TIME BEFORE THE PROXY IS EXERCISED.**

---

**Table of Contents**

**TABLE OF CONTENTS**

<u>GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING</u>	1
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	2
<u>Introduction</u>	2
<u>Nominees</u>	2
<u>Continuing Directors</u>	3
<u>Required Vote</u>	5
<u>PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	6
<u>Required Vote</u>	6
<u>PROPOSAL 3: SHAREHOLDER PROPOSAL REQUESTING NECESSARY STEPS BE TAKEN TO CAUSE THE ANNUAL ELECTION OF ALL DIRECTORS</u>	7
<u>Resolution</u>	7
<u>Statement</u>	7
<u>Company Statement in Opposition to the Shareholder Proposal</u>	7
<u>Required Vote</u>	8
<u>CORPORATE GOVERNANCE</u>	10
<u>Director Attendance at Board, Committee and Annual Meetings</u>	10
<u>Committees of the Board of Directors</u>	10
<u>Executive Sessions</u>	11
<u>Communications with the Board of Directors</u>	12
<u>Governance Information</u>	12
<u>Director Independence</u>	12
<u>Director Qualification Standards</u>	13
<u>Board Leadership Structure</u>	13
<u>Risk Oversight</u>	14
<u>Compensation Committee Interlocks and Insider Participation</u>	15
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	16
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	18
<u>Overview</u>	18
<u>Compensation Policy</u>	18
<u>Compensation Process</u>	20
<u>Components of Compensation</u>	22
<u>Internal Revenue Code Section 162(m)</u>	28
<u>Employment Contracts and Change in Control Arrangements</u>	28
<u>Retirement Benefits</u>	29
<u>Risk Management Considerations</u>	30
<u>Impact of Revised Financial Statements for the Year Ended December 31, 2009</u>	30
<u>EXECUTIVE COMPENSATION</u>	32
<u>Summary Compensation Table</u>	32
<u>Grants of Plan-Based Awards</u>	34

<u>Outstanding Equity Awards at 2009 Fiscal Year-End</u>	35
<u>Option Exercises and Stock Vested</u>	36
<u>Pension Benefits</u>	36
<u>Nonqualified Deferred Compensation</u>	40
<u>Potential Payments Upon Termination or Change-in-Control</u>	40
<u>DIRECTOR COMPENSATION</u>	45
<u>AUDIT COMMITTEE REPORT</u>	47
<u>EXECUTIVE COMPENSATION AND STOCK INCENTIVE COMMITTEE REPORT</u>	48
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	49
<u>GENERAL INFORMATION</u>	50

---

**Table of Contents**

<u>Counting of Votes</u>	50
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	50
<u>Shareholder Nominations and Proposals</u>	50
<u>Householding of Proxy Materials and Annual Reports</u>	51
<u>Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting</u>	52
<u>Miscellaneous</u>	52

---



**Table of Contents**

**One Mississippi Plaza  
201 South Spring Street  
Tupelo, Mississippi 38804  
PROXY STATEMENT**

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

This Proxy Statement is furnished in connection with the solicitation of proxies by our Board of Directors, to be voted at our annual meeting of shareholders to be held at BancorpSouth Corporate Headquarters, Fourth Floor Board Room, One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804 on April 28, 2010, at 9:00 a.m. (Central Time), for the purposes set forth in the accompanying notice, and at any adjournments or postponements thereof. This Proxy Statement and the accompanying form of proxy card are first being sent to shareholders on or about March 26, 2010.

If your proxy is properly given and not revoked, it will be voted in accordance with the instructions, if any, given by you, and if no instructions are given, it will be voted (i) **FOR** the election as directors of the nominees listed in this Proxy Statement, (ii) **FOR** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2010, (iii) **AGAINST** the shareholder proposal requesting necessary steps be taken to cause the annual election of all directors and (iv) in accordance with the recommendations of our Board of Directors on any other proposal that may properly come before the annual meeting.

Shareholders are encouraged to vote their proxies by Internet, telephone or completing, signing, dating and returning the enclosed proxy card, but not by more than one method. If you vote by more than one method, only the last vote that is submitted will be counted and each previous vote will be disregarded. Shareholders who vote by proxy using any method before the annual meeting have the right to revoke the proxy at any time before it is exercised by submitting a written request to us or by voting another proxy at a later date. The grant of a proxy will not affect the right of any shareholder to attend the meeting and vote in person. For a general description of how votes will be counted, please refer to the section below entitled **GENERAL INFORMATION** Counting of Votes.

Pursuant to the Mississippi Business Corporation Act and our governing documents, a proxy to vote submitted by Internet or telephone has the same validity as one submitted by mail. To submit your proxy to vote by Internet, you need to access the website [www.proxyvotetnow.com/bxs](http://www.proxyvotetnow.com/bxs), enter the nine-digit control number found on the enclosed proxy card and follow the instructions on the website. To submit your proxy to vote by telephone, call 1-866-257-2279, enter the nine-digit control number on the enclosed proxy card and follow the instructions. You may submit your proxy to vote by Internet or telephone at any time until 2:00 a.m. (Central Time) on April 28, 2010 and either method should not require more than a few minutes to complete. To submit your proxy to vote by mail, please complete, sign, date and return the enclosed proxy card in the enclosed business reply envelope.

If your shares are held in street name through a broker, bank or other holder of record, you will receive instructions from the registered holder that you must follow in order for your shares to be voted for you by that record holder. Each method of voting listed above is offered to shareholders who own their shares through a broker, bank or other holder of record. If you provide specific voting instructions, your shares will be voted as you have instructed and as the proxy holders may determine within their discretion with respect to any other matters that may properly come before the annual meeting.

The close of business on March 10, 2010 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at this year's annual meeting. As of such date, we had 500,000,000 authorized shares of common stock, \$2.50 par value, of which 83,459,120 shares were outstanding. Each share of our common stock is entitled to one vote. The common stock is our only outstanding voting stock. Holders of a majority of the outstanding shares of our common stock must be present, in person or by proxy, to constitute a quorum for the transaction of business at the annual meeting.

**Table of Contents**

**PROPOSAL 1: ELECTION OF DIRECTORS**

**Introduction**

Our Restated Articles of Incorporation provide that the Board of Directors shall be divided into three classes of as nearly equal size as possible. Directors are elected by a plurality of the votes cast by the holders of shares of common stock represented at a meeting at which a quorum is present. The holders of our common stock do not have cumulative voting rights with respect to the election of directors. Consequently, each shareholder may cast only one vote per share for each nominee.

Our Amended and Restated Bylaws provide that, in an uncontested election, any nominee for director who receives a greater number of votes withheld from than votes for his or her election must promptly tender his or her resignation following certification of the shareholder vote. The Nominating Committee will consider the resignation offer and recommend to the Board of Directors whether to accept it. The Board of Directors will act on the Nominating Committee's recommendation within 90 days following certification of the shareholder vote.

Unless a proxy specifies otherwise, the persons named in the proxy shall vote the shares covered by the proxy for the nominees listed below. Should any nominee become unavailable for election, shares covered by a proxy will be voted for a substitute nominee selected by the current Board of Directors.

**Nominees**

The Board of Directors has nominated the four individuals named below in the section entitled "Class III Nominees" for election as directors to serve until the annual meeting of shareholders in 2013 or until their earlier retirement in accordance with our retirement policy for directors or otherwise. Our retirement policy for directors provides that a director may not stand for re-election to the Board after reaching his 70<sup>th</sup> birthday, unless the Board determines that we would significantly benefit from such director serving another term because of his advice, expertise and influence.

At the end of a director's term, the Board may, in its discretion, re-nominate that director for another term. If the Board does not re-nominate a former director for another term after his 70<sup>th</sup> birthday or such person is not re-elected by our shareholders, the person would then serve as a Director Emeritus for a one-year term, and be eligible for re-election as a Director Emeritus by the Board annually. A Director Emeritus does not have the authority of a director and does not meet with the Board, but is given this title in honor of past service.

Each nominee has consented to be a candidate and to serve as a director if elected.

The biographies below show the names, ages, principal occupations and other directorships of public companies held by each of the nominees designated by the Board of Directors to become directors. We have also provided a brief discussion of the specific experience, qualifications, attributes or skills that led to the Nominating Committee's conclusion that the nominee should serve as one of our directors.

**Class III Nominees - Term Expiring in 2013**

*Larry G. Kirk*, age 63, served as the Chairman of the Board and Chief Executive Officer from 1996 to 2005 of Hancock Fabrics, Inc., a fabric retailer and wholesaler, and as the President and Chief Financial Officer of Hancock Fabrics from 1989 to 1996. In addition, Mr. Kirk has served as the Chairman of several non-profit community organizations, such as Community Development Foundation and CREATE, Inc. Since 2005, he has served on the Audit Committee of North Mississippi Health Services, Inc. Mr. Kirk has served on our Board of Directors since 2002 and currently serves as Chairman of the Audit Committee, a position he has held since 2003.

Mr. Kirk brings a wealth of financial expertise and public accounting knowledge to the Board. He also possesses practical business experience as the former Chief Financial Officer and then Chief Executive Officer of a public company. Mr. Kirk qualifies as an audit committee financial expert as defined under Securities and Exchange Commission rules.

*Guy W. Mitchell, III*, age 66, is an attorney and President of the law firm Mitchell, McNutt and Sams, P.A. Mr. Mitchell has been active in the practice of law since 1972. He has continually served on the Board of Directors of his law firm since 1976. During the course of his career, Mr. Mitchell has advised numerous corporate clients

**Table of Contents**

concerning the risk involved in the operation of their businesses, industries, partnerships and associations. He has served on the Board of Directors of North Mississippi Health Services, Inc., North Mississippi Medical Center, Community Development Foundation and CREATE, Inc., where his duties were in the areas of analyzing financial results of operations, setting budgets, reviewing and approving compensation plans, and risk assessment. Mr. Mitchell has represented the City of Tupelo, Mississippi as general counsel for over 30 years. Mr. Mitchell has served on our Board of Directors since 2003.

Mr. Mitchell has an extensive background in law, and brings executive decision making and risk assessment skills to the Board as a result of this experience. He has also served on the boards of a number of other corporations and charitable organizations.

*R. Madison Murphy*, age 52, is a director of Murphy Oil Corporation (NYSE: MUR), an integrated oil company. Mr. Murphy has previously served as Vice President of Planning and Treasurer (1988-1991), Chief Financial Officer (1992-1994) and Chairman of the Board of Directors (1994-2004) of Murphy Oil. In addition, he has held positions as Accountant, Auditor and Manager Treasury and Financial Controls with Murphy Oil or its affiliates. Mr. Murphy also serves as a director of Deltic Timber Corporation, a timber production company. He is the Managing Member of Murphy Family Management, LLC, a family investment management company. He has served on our Board of Directors since our merger with First United Bancshares in 2000 and, prior to the merger, had served on the Board of Directors of First United Bancshares since 1989.

Mr. Murphy brings to the Board valuable knowledge and business experience from his service as the Chief Financial Officer and Chairman of the Board of a New York Stock Exchange listed company. He also possesses banking knowledge through his service as a director of a predecessor banking organization. Mr. Murphy qualifies as an audit committee financial expert as defined under Securities and Exchange Commission rules.

*Aubrey B. Patterson*, age 67, has served as our Chairman of the Board and Chief Executive Officer since 1991 and has served on our Board of Directors since 1983. He served as our Chief Executive Officer and President from 1990 to 1991 and as our President and Chief Operating Officer from 1983 to 1990. Mr. Patterson also serves on the board of directors of Furniture Brands International, Inc. (NYSE: FBN), a furniture manufacturer. In February 2010, Mr. Patterson was named to the Board of Directors of The Financial Services Roundtable, a premier executive forum for leaders in the financial services industry. Mr. Patterson has held numerous positions in professional leadership, including service as Chairman of the American Bankers Association, President of the Mississippi Bankers Association, Chairman of the University of Mississippi Business Advisory Council and as a member of the Bankers Advisory Council of the Conference of State Bank Supervisors, a national organization that oversees state-chartered banking. Mr. Patterson has served in leadership positions with the Community Development Foundation, North Mississippi Health Services, Inc. and the Mississippi Economic Council, the University of Mississippi Foundation, CREATE Inc., the Commission on the Future of Northeast Mississippi and the Mississippi Partnership for Economic Development. In 2004, Mr. Patterson was appointed to an 11-year term on the Mississippi Board of Trustees of the Institutions of Higher Learning.

Through his 27 years of service to BancorpSouth, including over 20 years as Chief Executive Officer, Mr. Patterson brings to the Board a deep institutional knowledge and perspective regarding our strengths, challenges and opportunities. His diverse experiences and leadership roles in the financial services industry provide the Board with expanded perspective regarding other financial services institutions and the relevant risks and opportunities facing the banking industry.

**Continuing Directors**

Each person named below will continue to serve as a director until the annual meeting of shareholders in the year indicated for the expiration of his term. Shareholders are not voting this year on the election of the Class I and Class II directors listed below. The biographies below show the names, ages, principal occupations and other directorships of public companies held by each continuing director. We have also provided a brief discussion of the specific experience, qualifications, attributes or skills for each of the continuing directors that led to the selection of him for our Board of Directors.

**Table of Contents**

**Class II Directors Term Expiring in 2011**

*W. G. Holliman, Jr.*, age 72, is the Managing Partner of Five Star, LLC, a family investment management company. Mr. Holliman is a director and the former Chairman of the Board and Chief Executive Officer of Furniture Brands International, Inc. (NYSE: FBN), a publicly held furniture manufacturing company. Mr. Holliman is also a minority owner in a commercial construction business. He has served on our Board of Directors since 1994.

Mr. Holliman brings entrepreneurial and business-building skills and experience to the Board, having previously served as Chief Executive Officer for a New York Stock Exchange listed company. His institutional knowledge and longstanding Board service make him a qualified member of the Board.

*James V. Kelley*, age 60, has served as our President and Chief Operating Officer since our merger with First United Bancshares, Inc. in 2000. Prior to the merger, Mr. Kelley served as Chairman, President and Chief Executive Officer of First United Bancshares. He was Chairman and Chief Executive Officer of First National Bank in El Dorado, Arkansas from 1985 to 2000. Mr. Kelley is a former board member of the Little Rock Branch of the Federal Reserve Bank of St. Louis. He has served on our Board of Directors since 2000.

Mr. Kelley brings valuable insight and knowledge to the Board as a result of his service as our President and Chief Operating Officer. He also brings valuable banking knowledge from his years of service in the financial services industry, including his leadership of a predecessor banking organization and his service with the Federal Reserve Bank.

*Turner O. Lashlee*, age 73, is the Chairman of the Board of Lashlee-Rich, Inc., a general construction company. Mr. Lashlee has almost 50 years of bank board experience and has been a member of our Board of Directors since 1992. Mr. Lashlee has been in the commercial and industrial construction business for 51 years and has served on our Board of Directors since 1992.

Mr. Lashlee brings a vast amount of knowledge regarding banking to the Board as a result of his many years of experience in the financial services industry with several banking organizations. He also has a wealth of experience in risk assessment from his long tenure in the commercial and industrial construction business.

*Alan W. Perry*, age 62, is an attorney with the law firm Forman Perry Watkins Krutz & Tardy LLP. Mr. Perry is a member of the Board of Trustees of Mississippi Institutions of Higher Learning and a Trustee of The Robert M. Hearin Foundation and The Robert M. Hearin Support Foundation, charitable foundations with the primary purpose of supporting colleges and universities in Mississippi. He is a former member of the Standing Committee on Rules of Practice and Procedure of the Judicial Conference of the United States and served as Law Clerk to Judge Charles Clark, United States Court of Appeals, Fifth Circuit. Mr. Perry has served on our Board of Directors since 1994 and currently chairs the Risk Management Committee of BancorpSouth Bank.

Mr. Perry brings a wealth of legal and risk management skills to the Board. He also provides governance and community-service skills and experience gained through his service on the boards of various charitable organizations.

**Class I Directors Term Expiring in 2012**

*James E. Campbell, III*, age 60, is the President and Chief Operating Officer of H+M Company, Inc., a group of nine engineering and construction-related companies that have aggregate annual sales of \$500 million and employ over 600 individuals. Mr. Campbell's experience in retail distribution, institutional and heavy industrial projects in all areas of the United States provides him with insight into the areas of asset quality, particularly real estate development and construction risk, trust and brokerage, insurance and personnel. Mr. Campbell has been a member of our Board of Directors since 2008.

Mr. Campbell brings executive decision-making and risk assessment skills to the Board as a result of his experience in the construction industry. His experience in real estate development and construction is especially important as we manage through the current economic downturn, much of which is real-estate driven.

*Hassell H. Franklin*, age 74, is the Chief Executive Officer and founder of Franklin Corp., one of the largest privately owned furniture manufacturers in the United States. He is Past Chairman of the American Furniture Manufacturers Association. Mr. Franklin has served on our Board of Directors since 1974.

**Table of Contents**

Mr. Franklin brings extensive leadership and strategic planning experience to the Board through his experience as the Chief Executive Officer and founder of a large manufacturing company. His institutional knowledge and long tenure on the Board make him a valuable member of the Board.

*Robert C. Nolan*, age 68, is Chairman of the Board of Deltic Timber Corporation (NYSE: DEL), a publicly held timber production company. Mr. Nolan is also Managing Partner of Munoco Company, a family-owned oil and gas exploration and production company. Mr. Nolan has served on our Board of Directors since our merger with First United Bancshares, Inc. in 2000, and had served on the Board of Directors of First United Bancshares since 1982.

Mr. Nolan brings to the Board valuable knowledge and strategic planning experience from his service as the Chairman of the Board of a New York Stock Exchange listed company. He also possesses banking knowledge through his service as a director of a predecessor banking organization.

*W. Cal Partee, Jr.*, age 65, is a senior partner in Partee Flooring Mill, Oil and Timber Investments, an oil and lumber production company, and has been responsible for its daily operation of business and timber and land investments for approximately 40 years. Mr. Partee has served on our Board of Directors since our merger with First United Bancshares, Inc. in 2000, and had served on the Board of Directors of First United Bancshares since 1983.

Mr. Partee brings entrepreneurial business knowledge and experience to the Board through his management of a company with numerous employees and the supervision of multi-million dollar budgets. He also possesses vast banking knowledge through his service as a director of a predecessor banking organization.

Each of the nominees and continuing directors has had the principal occupation indicated for more than five years unless otherwise indicated.

**Required Vote**

Assuming the presence of a quorum, directors will be elected by a plurality of the votes cast by the holders of shares of common stock represented at the annual meeting and entitled to vote.

**The Board of Directors recommends that shareholders vote  
FOR each of the Class III nominees.**

**Table of Contents****PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors appointed KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2010 and seeks ratification of the appointment by our shareholders. This firm has served as our independent registered public accounting firm since 1973.

In addition to rendering audit services for the year ended December 31, 2009, KPMG LLP performed various other services for us and our subsidiaries. The aggregate fees billed for the services rendered to us by KPMG LLP for the years ended December 31, 2009 and December 31, 2008 were as follows:

	2009	2008
Audit Fees <sup>(1)</sup>	\$ 737,000	\$ 802,835
Audit-Related Fees <sup>(2)</sup>	47,000	47,000
Tax Fees		
All Other Fees		
<b>Total</b>	<b>\$ 784,000</b>	<b>\$ 849,835</b>

(1) The Audit Fees for the years ended December 31, 2009 and 2008 consisted principally of fees for professional services in connection with the audits of our consolidated financial statements and the audit of internal control over financial reporting as well as various statutory and compliance audits.

(2) The Audit-Related Fees for the years ended December 31, 2009 and 2008 consisted principally of

fees for audits  
of financial  
statements of  
certain  
employee  
benefit plans.

All audit and non-audit services performed by our auditor must be pre-approved by the Audit Committee. The Audit Committee specifically reviews and pre-approves each audit and non-audit service provided by our auditor prior to its engagement to perform such services. The Audit Committee has not adopted any other pre-approval policies or procedures.

**Required Vote**

Shareholder ratification of the Audit Committee's appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2010 is not required by our Amended and Restated Bylaws or otherwise. Nonetheless, the Board of Directors has elected to submit the appointment of KPMG LLP to our shareholders for ratification. If a quorum is present, this proposal will be approved if the votes cast for ratification exceed the votes cast against ratification. If the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2010 is not ratified, the matter will be referred to the Audit Committee for further review.

Representatives of KPMG LLP will be at the annual meeting, will have an opportunity to make a statement if they desire and will be available to respond to appropriate questions.

**The Board of Directors recommends that shareholders vote FOR ratification  
of the appointment of KPMG LLP as our independent registered public accounting firm  
for the year ending December 31, 2010.**

**Table of Contents**

**PROPOSAL 3: SHAREHOLDER PROPOSAL REQUESTING NECESSARY STEPS BE TAKEN TO CAUSE THE ANNUAL ELECTION OF ALL DIRECTORS**

Gerald R. Armstrong, who owns 200 shares of our common stock, has given notice that he intends to present the proposal set forth below at the annual meeting. The proposal will be voted on only if properly presented at the annual meeting. In accordance with rules of the Securities and Exchange Commission, the text of Mr. Armstrong's resolution and supporting statement is printed verbatim from his submission and we take no responsibility for them. To ensure that readers can easily distinguish between the materials provided by the proponent and the materials we have provided, we have placed a box around materials provided by the proponent. Mr. Armstrong's mailing address is 910 Sixteenth Street, No. 412, Denver, Colorado 80202-2917. His telephone number is 303-355-1199.

**Resolution**

That the shareholders of BancorpSouth, Inc. request its Board of Directors to take the steps necessary to eliminate classification of terms of its Board of Directors to require that all Directors stand for election annually. The Board declassification shall be completed in a manner that does not affect the unexpired terms of the previously-elected Directors.

**Statement**

The current practice of electing only one-third of the directors for three-year terms is not in the best interest of the corporation or its shareholders. Eliminating this staggered system increases accountability and gives shareholders the opportunity to express their views on the performance of each director annually. The proponent believes the election of directors is the strongest way that shareholders influence the direction of any corporation and our corporation should be no exception.

As a professional investor, the proponent has introduced the proposal at several corporations which have adopted it. In others, opposed by the board or management, it has received votes in excess of 70% and is likely to be reconsidered favorably.

The proponent believes that increased accountability must be given our shareholders whose capital has been entrusted in the form of share investments especially during these times of great economic challenge.

Arthur Levitt, former Chairman of The Securities and Exchange Commission said, "In my view, it's best for the investor if the entire board is elected once a year. Without annual election of each director, shareholders have far less control over who represents them."

While management may argue that directors need and deserve continuity, management should become aware that continuity and tenure may be best assured when their performance as directors is exemplary and is deemed beneficial to the best interests of the corporation and its shareholders.

The proponent regards as unfounded the concern expressed by some that annual election of all directors could leave companies without experienced directors in the event that all incumbents are voted out by shareholders.

In the unlikely event that shareholders do vote to replace all directors, such a decision would express dissatisfaction with the incumbent directors and reflect the need for change.

If you agree that shareholders may benefit from greater accountability afforded by annual election of all directors, please vote **FOR** this proposal.

**Company Statement in Opposition to the Shareholder Proposal**

After careful consideration, our Board of Directors recommends a vote **AGAINST** this proposal that asks the Board to take the steps necessary to declassify the Board of Directors and require that all directors stand for election annually. Our Board currently consists of 12 directors divided into three classes, each class consisting of four directors. One class is elected at each annual meeting of the shareholders for a three-year term. We adopted the classified board provision contained in our Restated Articles of Incorporation in 1984.



## **Table of Contents**

In support of its opposition, the Board offers the reasons set forth below to vote **AGAINST** the proposal.

We recognized the value of providing for the continuity of leadership early in our history. That view is even more profound today with the multiple challenges and opportunities that confront financial institutions. Good corporate planning and initiatives are strategic in nature and often require several years to implement and realize results. The proponent would have you believe that it is in the best interests of shareholders to elect or replace our entire Board each year, including those directors who also serve as executive officers. Such an outcome could be disruptive to our corporate planning and long-term stability. A classified board improves the likelihood that we can attract and retain highly qualified individuals likely to dedicate the time necessary to our company and industry, and ensures that there is some continuity of leadership. We have recently witnessed unprecedented disruptions in credit markets and government injection of capital into the country's largest financial institutions, as well as a large number of smaller financial institutions. These are times that demand wisdom, experience and tested leadership. Even with a classified board, shareholders have the ability to elect a majority of the board within two consecutive annual meetings. Two annual meetings could occur within as little as a 12-month period. That possibility provides shareholders with considerable influence over our affairs and holds the directors accountable for their actions.

A classified board also protects us and you, our shareholders, from the coercive tactics employed by those who seek hostile takeovers. Without classification, those with hostile intent and no concern for current shareholders could obtain control of the board at one annual meeting. A classified board prevents such action and enables the board, if so desired and in the best interests of shareholders, to negotiate at arm's length the most favorable terms for our shareholders. Our Board feels that this protection and the leverage it provides are necessary to protect the shareholders and create real shareholder value.

The proponent's statement maintains that several corporations have de-classified their boards because of the proponent's efforts and that other corporations will likely reconsider his proposal favorably. The Board has not verified this statement to be true. Regardless, the Board feels strongly that what may be appropriate for one company is not appropriate for all. This "one size fits all" view does not take into account the differences among companies, their management and the industries and markets in which they operate. Shareholders must take into account the history and performance of a company and its record of providing shareholder value. We have an excellent record of providing shareholder value. During the past two years, in the most challenging economic environment our institution has experienced to date, we have produced solid profits, demonstrated strong credit metrics and risk management, and enhanced our liquidity and capital position without reliance on Treasury's bailout program while also paying cash dividends that, in 2009, increased for the 26th consecutive year. Those actions and the share repurchase plan adopted by the Board provide real value for shareholders.

The proponent quotes from the 2002 book, Take On The Street, by Arthur Levitt, former Chairman of the Securities and Exchange Commission, as support for his proposal. In his book, Mr. Levitt describes what he considers good corporate governance practices, and focuses on such areas as board size, independence, compensation and perks, and commitment of the board members to the board and committees of the board, as well as the board's focus on succession planning and executive pay. Mr. Levitt says that "staggered boards aren't always bad" and notes that a company can have exemplary corporate governance practices notwithstanding the fact that it has a staggered board. The Board feels strongly that BancorpSouth's corporate governance practices are in line with Mr. Levitt's recommendations and meet or exceed all requirements of the Securities and Exchange Commission, the New York Stock Exchange and appropriate bank regulators.

Lastly, the Board wants to assure shareholders that it is well aware of the fiduciary duties owed to BancorpSouth and its shareholders. Those duties exist regardless of the director's term or circumstances of the director's election. Recognition and adherence to those duties provide the highest form of accountability of the directors to BancorpSouth and its shareholders.

### **Required Vote**

If a quorum is present, this shareholder proposal (if properly presented at the annual meeting) will be approved if the votes cast for the proposal exceed the votes cast against the proposal. Approval of this shareholder proposal will not result in the elimination of our classified board. Approval of the proposal will serve as a recommendation by our shareholders to the Board of Directors to take the necessary steps to implement this change. If our shareholders



**Table of Contents**

approve this proposal by a substantial margin, the Board of Directors will again review the advisability of our classified board structure and determine whether it is in the best interests of BancorpSouth and its shareholders to present an amendment to our Restated Articles of Incorporation at the next annual meeting that, if approved by the requisite shareholder vote, would eliminate the classified board.

**The Board of Directors recommends that shareholders vote  
AGAINST this shareholder proposal.**

9

---

**Table of Contents****CORPORATE GOVERNANCE****Director Attendance at Board, Committee and Annual Meetings**

During 2009, our Board of Directors held six meetings. Each director attended at least 75% of the total of all meetings of the Board of Directors and all committees on which the director served. We encourage our Board members to attend the annual meeting of shareholders. In 2009, all of our directors attended the annual meeting of shareholders.

**Committees of the Board of Directors**

The Board of Directors has established four standing committees – the Executive Committee, the Audit Committee, the Executive Compensation and Stock Incentive Committee, and the Nominating Committee. A copy of the charter of each of these committees, except for the Executive Committee, is available on our website at [www.bancorpsouthonline.com](http://www.bancorpsouthonline.com) on our Investor Relations webpage under the caption Corporate Information Committee Charting.

The following table shows the current membership of each committee of the Board of Directors:

Director	Executive Committee	Audit Committee	Executive Compensation and Stock Incentive Committee	Nominating Committee
James E. Campbell, III				
Hassell H. Franklin	X		X	Chair
W. G. Holliman, Jr.	X		Chair	X
James V. Kelley	X			
Larry G. Kirk		Chair		
Turner O. Lashlee	X			
Guy W. Mitchell, III				
R. Madison Murphy		X		
Robert C. Nolan	X		X	X
W. Cal Partee, Jr.		X		
Aubrey B. Patterson	Chair			
Alan W. Perry				

*Executive Committee.* The Executive Committee acts on behalf of the Board of Directors on all matters concerning the management and conduct of our business and affairs, except those matters enumerated in the charter of the Executive Committee and those matters reserved to the Board of Directors under state law. The Executive Committee held nine meetings during 2009.

*Audit Committee.* The Audit Committee is responsible for, among other things:

Monitoring the integrity of our financial statements, our compliance with legal and regulatory requirements and our financial reporting process and systems of internal controls;

Monitoring the work of the Audit/Loan Review Committee of BancorpSouth Bank;

Evaluating the independence and qualifications of our independent registered public accounting firm;

Evaluating the performance of our independent registered public accounting firm and our internal auditing department;

Providing an avenue of communication among our independent registered public accounting firm, management, our internal audit department, our subsidiaries and our Board of Directors; and

**Table of Contents**

Selecting, engaging, overseeing, evaluating and determining the compensation of our independent registered public accounting firm.

This committee's performance is evaluated annually. The Board of Directors has determined that each member of the Audit Committee is independent under the listing standards of the New York Stock Exchange. Our Board of Directors has also determined that each of Messrs. Kirk and Murphy is an audit committee financial expert as defined in rules adopted by the Securities and Exchange Commission. The Audit Committee held 13 meetings during 2009.

*Executive Compensation and Stock Incentive Committee.* Pursuant to its charter, the Executive Compensation and Stock Incentive Committee reviews corporate goals and objectives pertaining to the compensation of our Named Executive Officers (as identified in the section below entitled EXECUTIVE COMPENSATION Summary Compensation Table ), evaluates the performance of our Named Executive Officers and determines the salary, benefits and other compensation of our Named Executive Officers. After consultation with management, this committee makes recommendations to the Board of Directors with respect to the salaries, benefits and other compensation of our executive officers other than the Named Executive Officers. This committee also administers our Home Office Incentive Plan, 1994 Stock Incentive Plan, 1998 Stock Option Plan and Executive Performance Incentive Plan.

This committee has the sole authority to retain, at our expense, any compensation consultant to assist in the evaluation of executive officer compensation and to approve such consultant's fees and other retention terms. In addition, this committee has the authority to obtain advice and assistance from internal or external legal, accounting or other advisors as it deems necessary to carry out its duties, at our expense, without prior approval of the Board of Directors or management.

The activities of this committee must be conducted in accordance with the policies and principles set forth in our Corporate Governance Principles. This committee's performance is evaluated annually. On occasion, the Chief Executive Officer attends Executive Compensation and Stock Incentive Committee meetings. The Chief Executive Officer provides information to the Executive Compensation and Stock Incentive Committee concerning the executive officers, discusses performance measures relating to executive officer compensation and makes recommendations to the Executive Compensation and Stock Incentive Committee concerning the compensation of the executive officers. The Board of Directors has determined that each committee member is independent under the listing standards of the New York Stock Exchange and applicable provisions of the Internal Revenue Code and Securities and Exchange Commission rules. The Executive Compensation and Stock Incentive Committee held seven meetings during 2009.

*Nominating Committee.* The Nominating Committee identifies and recommends to the Board nominees for election to the Board and candidates for appointment to Board committees consistent with criteria approved by the Board. This committee also maintains and periodically reviews our Corporate Governance Principles, oversees the annual evaluation of the Board and management and reviews and recommends to the Board for approval in advance all related person transactions between us and any of our related persons. Pursuant to its charter, at least every other year the committee reviews and approves the compensation paid to non-employee directors and administers our 1995 Non-Qualified Stock Option Plan for Non-Employee Directors and Director Stock Plan. This committee's performance is evaluated annually. The Board of Directors has determined that each committee member is independent under the listing standards of the New York Stock Exchange. The Nominating Committee held four meetings during 2009.

**Executive Sessions**

In order to promote open discussion among the non-management directors, we schedule regular executive sessions in which those directors meet without management present. Unless a majority of the Board of Directors designates a presiding director, the Chairman of the Nominating Committee, currently Mr. Franklin, presides at these meetings. In addition, an executive session of independent (as defined in the listing standards of the New York Stock Exchange), non-management directors is held at least twice each year.

## **Table of Contents**

### **Communications with the Board of Directors**

You may send communications to the Board of Directors, the presiding director of the non-management directors, the non-management directors as a group or any individual director by writing to the Board of Directors or an individual director in care of the Corporate Secretary at One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804. The Corporate Secretary will directly forward written communications addressed to the entire Board of Directors to the Chairman of the Nominating Committee, written communications addressed to the non-management directors to the non-management directors and all other written communications to the individual director(s) to whom they are addressed.

### **Governance Information**

In addition to the committee charters described above, our Corporate Governance Principles and our Code of Business Conduct and Ethics are available on our website at [www.bancorpsouthonline.com](http://www.bancorpsouthonline.com) on our Investor Relations webpage under the caption Corporate Information Governance Documents. These materials as well as the committee charters described above are also available in print to any shareholder upon request. Such requests should be sent to the following address:

BancorpSouth, Inc.  
One Mississippi Plaza  
201 South Spring Street  
Tupelo, Mississippi 38804  
Attention: Corporate Secretary

### **Director Independence**

The Board of Directors reviews the independence of all directors and affirmatively makes a determination as to the independence of each director on an annual basis. No director will qualify as independent unless the Board of Directors affirmatively determines that the director has no material relationship with BancorpSouth (either directly or as a partner, shareholder or officer of an organization that has a relationship with BancorpSouth). In each case, the Board of Directors broadly considers all relevant facts and circumstances when making independence determinations. To assist the Board of Directors in determining whether a director is independent, the Board of Directors has adopted Director Independence Standards, which are available on our website at [www.bancorpsouthonline.com](http://www.bancorpsouthonline.com) on our Investor Relations webpage under the caption Corporate Information Governance Documents. The Board of Directors approved certain changes to these standards in March 2009 to incorporate changes to the definition of independence under the listing standards of the New York Stock Exchange. The Board of Directors has determined that each of Messrs. Campbell, Franklin, Holliman, Kirk, Mitchell, Murphy, Nolan and Partee, a majority of our Board members, meets our standards as well as the current listing standards of the New York Stock Exchange for independence.

During 2009, the Board of Directors considered the following relationships and transactions in making its independence determinations with respect to each director identified as independent:

Messrs. Nolan and Murphy are first cousins;

Five Star, LLC, a private company owned by Mr. Holliman, leased office space at BancorpSouth Bank's main office building in Tupelo, Mississippi and paid rent to us; however, the Board of Directors determined that this leasing arrangement and the amount paid to us by Five Star in 2009 (\$12,000) was not material and did not affect Mr. Holliman's independent judgment; and

Mitchell, McNutt & Sams, P.A., a law firm of which Mr. Mitchell is President, provided legal services to us in 2009; however, the Board of Directors determined that the amount we paid to Mitchell, McNutt & Sams (\$4,655) was not material remuneration affecting Mr. Mitchell's independent judgment.

Forman Perry Watkins Krutz & Tardy, LLP, a law firm of which Mr. Perry is a partner, provides legal services for us. In 2009 we paid this law firm \$18,599. Because Mr. Perry's law firm regularly provides legal services for us,

## **Table of Contents**

the Board of Directors has determined that Mr. Perry does not meet the requirements for independence under the current listing standards of the New York Stock Exchange or our Director Independence Standards.

Lashlee-Rich, Inc., a private company of which Mr. Lashlee is an owner and serves as Chairman, from time to time performs construction work on some of BancorpSouth Bank's branches. Because the amount that we paid to Lashlee-Rich in 2008 (\$2,511,297) was greater than 2% of Lashlee-Rich's consolidated gross revenues, the Board of Directors determined that Mr. Lashlee does not meet the requirements for independence under the current listing standards of the New York Stock Exchange or our Director Independence Standards. As a result of this determination, Mr. Lashlee resigned from the Executive Compensation and Stock Incentive Committee and the Nominating Committee in March 2009. In 2009, we paid Lashlee-Rich approximately \$125,000.

### **Director Qualification Standards**

The Nominating Committee and our Chief Executive Officer actively seek individuals qualified to become members of our Board of Directors for recommendation to our Board of Directors and shareholders. The Nominating Committee considers nominees proposed by our shareholders to serve on our Board of Directors that are properly submitted in accordance with our Amended and Restated Bylaws. In recommending candidates and evaluating shareholder nominees for our Board of Directors, the Nominating Committee considers each candidate's qualifications regarding independence, diversity, age, ownership, influence and skills, such as an understanding of financial services industry issues, all in the context of an assessment of the perceived needs of BancorpSouth at that point in time. Our director qualifications are set forth in our Corporate Governance Principles, which are available on our website at [www.bancorpsouthonline.com](http://www.bancorpsouthonline.com) on our Investor Relations webpage under the caption Corporate Information Governance Documents. The Nominating Committee meets at least annually with our Chief Executive Officer to discuss the qualifications of potential new members of our Board of Directors. After consulting with our Chief Executive Officer, the Nominating Committee recommends the director nominees to the Board of Directors for their approval. We have not paid any third party a fee to assist the Nominating Committee in the director nomination process to date.

### **Board Leadership Structure**

As specified in our Corporate Governance Principles, the Board of Directors does not have a policy with respect to the separation of the offices of Chairman and the Chief Executive Officer. The Board believes this issue is part of the succession planning process and that it is in the best interests of BancorpSouth and our shareholders to retain the flexibility to combine or separate these functions. At this time, the Board believes there are a number of important advantages of combining the positions of Chairman and Chief Executive Officer, including the following:

Mr. Patterson, with over 37 years of experience at BancorpSouth, including over 20 years as Chief Executive Officer, has the knowledge, expertise, and experience to understand the opportunities and challenges facing BancorpSouth, as well as the leadership and management skills to promote and execute our values and strategy, particularly during the current difficult economic environment;

Combining the positions allows Mr. Patterson to lead board discussions regarding our business and strategy, and provides unified leadership for BancorpSouth;

Combining the positions creates a firm link between management and the Board and promotes the development and implementation of corporate strategy; and

Combining the positions allows timely communication with the Board on critical business matters given the complexity of our business.

The Board also believes that combining the positions of Chairman and Chief Executive Officer does not undermine the independence of the Board. The Board has affirmatively determined that eight of our 12 directors are independent under the current listing standards of the New York Stock Exchange. All of the standing committees of the Board, except for the Executive Committee, are comprised entirely of independent directors. The ten non-management directors meet in executive session without management present at least semi-annually. Unless a majority of the non-management directors designates a presiding director, the Chairman of the Nominating Committee presides at



these meetings.

## **Table of Contents**

### **Risk Oversight**

Our Board of Directors oversees a company-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. Effective risk oversight is an important priority of the Board. The Board has implemented a risk governance framework to:

Understand critical risks in our business and strategy;

Allocate responsibilities for risk oversight among the full Board, its committees and management;

Evaluate our risk management processes and ensure that they function adequately;

Facilitate open communication between management and the Board; and

Foster an appropriate culture of integrity and risk awareness.

While the Board has the ultimate oversight responsibility for the risk management process, management is charged with actively managing risk. Management has robust internal processes and policies to identify and manage risks and to communicate with the Board. These include a Risk Management Committee of BancorpSouth Bank, the charter of the Risk Management Committee, a real estate risk management group, regular internal senior management meetings, ongoing long-term strategic planning, regular reviews of regulatory and litigation compliance, a Code of Business Conduct and Ethics, and a comprehensive internal and external audit process. The Board and the Audit Committee monitor and evaluate the effectiveness of the internal controls at least annually. Management communicates routinely with the Board and Board committees, and the Risk Management Committee communicates routinely with the board of BancorpSouth Bank, on the significant risks identified and how they are being managed.

The Board implements its risk oversight function both as a whole and through its committees. All committees of the Board play a significant role in carrying out the risk oversight function. In particular:

The Audit Committee oversees risks related to our financial statements, our compliance with legal and regulatory requirements, our financial reporting process and system of internal controls. The Audit Committee monitors the work of the Audit/Loan Review Committee of BancorpSouth Bank's Board of Directors and evaluates the performance of our independent auditors and our internal auditing department. The Audit Committee periodically meets privately in separate executive sessions with management, our internal audit department and the independent auditors;

The Executive Compensation and Stock Incentive Committee oversees the risks and rewards associated with our compensation philosophy and programs. As discussed in more detail below in the section entitled

COMPENSATION DISCUSSION AND ANALYSIS, the committee determines and approves the compensation for our Named Executive Officers, reviews and recommends to the Board the compensation for our other executive officers, and approves, administers and evaluates our incentive-compensation plans, equity-based plans and other compensation plans, policies and programs;

The Nominating Committee oversees risks related to our corporate governance principles and risks arising from related person transactions; and

The Risk Management Committee of BancorpSouth Bank's Board of Directors oversees other potential risks we face and evaluates whether management has placed into effect adequate procedures to identify and manage those risks. In particular, this committee considers the following risks:

Credit risk;

Liquidity risk;



**Table of Contents**

Interest rate risk;

Operational risk;

Litigation risk;

Insurance risk;

Legislative and regulatory risk;