BANCORPSOUTH INC
Form DEF 14A
March 20, 2009

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 þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement

o Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

þ Definitive Proxy Statement

o Definitive Additional Materials

o 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)

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

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(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):

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

One Mississippi Plaza
201 South Spring Street
Tupelo, Mississippi 38804

March 20, 2009

TO THE SHAREHOLDERS OF
BANCORPSOUTH, INC.

On Wednesday, April 22, 2009, 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 the enclosed 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.

One Mississippi Plaza
201 South Spring Street
Tupelo, Mississippi 38804

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held April 22, 2009

TO THE SHAREHOLDERS OF
BANCORPSOUTH, INC.

The annual meeting of shareholders of BancorpSouth, Inc. will be held on Wednesday, April 22, 2009, 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 approve the Amendment to the BancorpSouth, Inc. Restated Articles of Incorporation; and

(3) 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 4, 2009 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 20, 2009

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.

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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 22, 2009, 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 20, 2009.

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** approval of the Amendment to the BancorpSouth, Inc. Restated Articles of Incorporation, and (iii) 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.proxyvotenow.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 22, 2009 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 4, 2009 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 83,110,427 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.

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.

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 under the caption Class I Nominees for election as directors to serve until the annual meeting of shareholders in 2012 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 70th birthday, unless the Board determines that we would significantly benefit from such director serving another term because of his advice, expertise and influence. Pursuant to this policy, the Board has determined that we would significantly benefit from having Hassell H. Franklin serve another term.

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 70th 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 following table shows the names, ages, principal occupations and other directorships of the nominees designated by the Board of Directors to become directors and the year in which each nominee was first elected to the Board of Directors:

Class I Nominees Term Expiring in 2012

Name	Age	Principal Occupation/Other Directorships	Director Since
Hassell H. Franklin	73	Chief Executive Officer, Franklin Corp., Houston, Mississippi (furniture manufacturer)	1974
Robert C. Nolan	67	Chairman of the Board, Deltic Timber Corporation, El Dorado, Arkansas (timber production); Managing Partner, Munoco Company, El Dorado, Arkansas (oil and gas exploration and production)	2000
W. Cal Partee, Jr.	64	Partner, Partee Flooring Mill, Oil and Timber Investments, Magnolia, Arkansas (oil and lumber production)	2000
James E. Campbell, III	59	President and Chief Operating Officer, H+M Company, Inc., Jackson, Tennessee (engineering and construction)	2008

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 on the election of the Class II and Class III directors listed below. The following tables show the names, ages, principal occupations and other directorships of each continuing director, and the year in which each was first elected to the Board of Directors:

Class III Directors Term Expiring in 2010

Name	Age	Principal Occupation/Other Directorships	Director Since
Larry G. Kirk	62	Retired, Tupelo, Mississippi; Former Chairman of the Board and Chief Executive Officer (1996-2005), Hancock Fabrics, Inc., Tupelo, Mississippi (fabric retailer and wholesaler)	2002
Guy W. Mitchell, III	65	President and Attorney at Law, Mitchell, McNutt and Sams, P.A., Tupelo, Mississippi	2003
R. Madison Murphy	51	Director, Murphy Oil Corporation, El Dorado, Arkansas (integrated oil company); Director, Deltic Timber Corporation, El Dorado, Arkansas (timber production); Managing Member, Murphy Family Management, LLC, El Dorado, Arkansas (investments)	2000
Aubrey B. Patterson	66	Chairman of the Board and Chief Executive Officer of BancorpSouth, Inc. and BancorpSouth Bank; Director, Furniture Brands International, Inc., St. Louis, Missouri and Tupelo, Mississippi (furniture manufacturer)	1983

Class II Directors Term Expiring in 2011

Name	Age	Principal Occupation/Other Directorships	Director Since
W. G. Holliman, Jr.	71	Managing Partner, Five Star, LLC, Tupelo, Mississippi; Current Director and former Chairman of the Board and Chief Executive Officer (1996-2008), Furniture Brands International, Inc., St. Louis, Missouri and Tupelo, Mississippi (furniture manufacturer)	1994
James V. Kelley	59	President and Chief Operating Officer of BancorpSouth, Inc. and BancorpSouth Bank; Director, Murphy Oil Corporation, El Dorado, Arkansas (integrated oil company)	2000
Turner O. Lashlee	72	Chairman of the Board, Lashlee-Rich, Inc., Humboldt, Tennessee (general	1992

		construction)	
Alan W. Perry	61	Attorney at Law, Forman Perry Watkins Krutz & Tardy LLP, Jackson, Mississippi	1994

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. However, pursuant to our Amended and Restated Bylaws, any nominee for director who receives a greater number of withheld votes than for votes shall promptly tender his resignation following certification of the shareholder vote. The Nominating Committee will consider the resignation offer(s) and make a recommendation to the Board of Directors whether to accept such offer(s) and the Board will act on such recommendation within 90 days after certification of the shareholder vote. Any director who tenders his resignation shall not participate in the Nominating Committee recommendation or Board action regarding whether to accept the resignation offer.

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

PROPOSAL 2: AMENDMENT TO THE RESTATED ARTICLES OF INCORPORATION

Introduction

On January 28, 2009, our Board of Directors authorized and approved an amendment (the Amendment) to our Restated Articles of Incorporation to authorize the issuance of up to 500,000,000 shares of preferred stock, $0.01 par value per share (Preferred Stock), subject to approval by our shareholders.

The complete text of the Amendment is attached hereto as *Appendix A*. If the Amendment is approved by the shareholders, the Amendment will become effective upon filing with the Mississippi Secretary of State, which we expect to occur promptly after the annual meeting or any adjournment thereof. The text of the Amendment may vary, however, for such changes that are consistent with this proposal that we may deem necessary or appropriate.

Purpose of the Amendment

Our Board of Directors believes that approving the Amendment to authorize the issuance of Preferred Stock is advisable and in our best interests and the best interests of our shareholders for several reasons. The authorization of Preferred Stock will supplement our authorized common stock by creating an undesignated class of Preferred Stock to increase our flexibility in structuring capital raising transactions, acquisitions, financings, joint ventures and strategic alliances. Preferred Stock may also be useful in connection with stock dividends, equity compensation plans or other corporate actions. The Board of Directors from time to time evaluates such opportunities and considers different capital structuring alternatives designed to advance our business strategy. Having the authority to issue Preferred Stock will enable us to develop equity securities with terms tailored to specific purposes and to avoid the possible delay associated with, and significant expense of, calling and holding a special meeting of shareholders to authorize additional Preferred Stock on a case-by-case basis. The Board of Directors believes that approving the Amendment to authorize the issuance of Preferred Stock will provide us with an enhanced ability to respond to opportunities and favorable capital market conditions before the opportunity or conditions pass. Although we do not currently contemplate any particular transaction involving the issuance of Preferred Stock, we believe that Preferred Stock may be a component in the future raising of capital.

Our board of directors determined that we should not participate in the Troubled Asset Relief Program s Capital Purchase Program. Therefore, we do not have any plans to issue any shares of Preferred Stock to the U.S. Department of the Treasury in connection with such program if the Amendment is approved by our shareholders.

Description of the Preferred Stock

Currently, our Restated Articles of Incorporation authorize only the issuance of up to 500,000,000 shares of our common stock. If this proposal is approved by our shareholders, we will also be authorized to issue up to 500,000,000 shares of Preferred Stock. Although we may consider issuing shares of the Preferred Stock in the future for purposes of raising additional capital or in connection with acquisition transactions, there are currently no binding agreements or commitments with respect to the issuance of the Preferred Stock.

The Amendment will give our Board of Directors the express authority, without further action by our shareholders (except as may be required by applicable law or rule, such as New York Stock Exchange rules), to issue shares of Preferred Stock from time to time in one or more series and to fix before issuance with respect to each series:

The designation and number of shares constituting the series;

The increase or decrease of the number of shares constituting the series to a number not less than the number of outstanding shares of such series;

The dividend rights and rates, if any, including whether or not dividends shall be cumulative;

The rights and terms of redemption, if any;

- The liquidation rights, if any;
- The voting rights, if any;
- Whether the shares will be subject to the operation of a sinking fund or purchase fund, if any;
- The conversion rights, if any; and
- Any other powers, preferences, rights, limitations or restrictions.

Possible Effects on Holders of Common Stock

We are unable to determine the actual effect of the issuance of a series of Preferred Stock on the rights of the holders of our common stock until our Board of Directors determines the rights of the holders of such series. A series of Preferred Stock may have features, however, that could include:

- Restricting our ability to declare dividends on our common stock;
- Restricting our ability to repurchase outstanding common stock;
- Diluting the voting power of our common stock;
- Diluting the equity interests and voting power of holders of our common stock if the Preferred Stock is convertible into common stock; and
- Restricting distributions of assets to the holders of our common stock upon liquidation or dissolution and until the satisfaction of any liquidation preference granted to the holders of Preferred Stock.

Possible Anti-Takeover Effects

The Amendment could adversely affect the ability of third parties to take us over or change our control by, for example, permitting issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of our Board of Directors or contemplating a tender offer or other transaction that would result in the combination of us with another company. The ability of our Board of Directors to establish the rights of, and to cause us to issue, substantial amounts of Preferred Stock without the need for shareholder approval, upon such terms and conditions, and having such rights, privileges and preferences, as our Board of Directors may determine from time to time in the exercise of its business judgment, may, among other things, be used to create voting impediments with respect to changes in our control or to dilute the stock ownership of holders of common stock seeking to obtain control of us. The rights of the holders of common stock will be subject to, and may be adversely affected by, any Preferred Stock that may be issued in the future. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions, financings and other corporate transactions, may have the effect of discouraging, delaying or preventing a change in our control.

Appraisal Rights

Pursuant to the Mississippi Business Corporation Act, holders of our Common Stock are not entitled to appraisal rights with respect to the Amendment.

Required Vote

Assuming the presence of a quorum, the proposed Amendment will be approved if the votes cast favoring the Amendment exceed the votes cast opposing the Amendment.

The Board of Directors recommends that shareholders vote FOR approval of the proposed Amendment to the Restated Articles of Incorporation.

CORPORATE GOVERNANCE

Director Attendance at Board, Committee and Annual Meetings

During 2008, our Board of Directors held eight meetings. Each director attended at least 75% of the total of all meetings of the Board of Directors and all committees on which such director served. We encourage our Board members to attend the annual meeting of shareholders. In 2008, 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* 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 (1)	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				

(1) In March 2009, Mr. Lashlee resigned from serving on the Executive Compensation and Stock Incentive Committee and the Nominating Committee. For additional information, see the section below entitled

Director
Independence.

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 eight meetings during 2008.

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

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 regulations adopted by the Securities and Exchange Commission. The Audit Committee held 11 meetings during 2008.

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, or a subcommittee thereof, 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. The Executive Compensation and Stock Incentive Committee held four meetings during 2008.

Nominating Committee. The Nominating Committee identifies and recommends to the Board nominees for election to the Board consistent with criteria approved by the Board, and recommends to the Board of Directors nominees for election to the Board and for appointment to its committees. 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 five meetings during 2008.

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.

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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* 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 attached as *Appendix B* to this Proxy Statement and are also available on our website at *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 adopted in 2008. 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 these standards as well as the current listing standards of the New York Stock Exchange for independence.

During 2008, the Board of Directors considered the following relationships and transactions in making its independence determinations with respect to each director identified as independent and determined that none of these relationships or transactions precluded any such directors from being independent:

- Messrs. Nolan and Murphy are first cousins;

- Furniture Brands International, Inc., a public company the stock of which is listed on the New York Stock Exchange and for which Mr. Holliman served as Chairman until May 2008, 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 the amount paid to us by Furniture Brands in 2008 ($8,000) was not material remuneration affecting 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 2008; however, the Board of Directors determined that the amount we paid to Mitchell, McNutt & Sams ($1,760) 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 2008 we paid this law firm approximately $25,000. Because Mr. Perry s law firm regularly provides legal services for us, 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 has 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.

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 qualification regarding independence, as well as diversity of age, ownership, influence and skills such as 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* 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.

Compensation Committee Interlocks and Insider Participation

During 2008, the Executive Compensation and Stock Incentive Committee consisted of Messrs. Franklin, Holliman, Nolan, Lashlee and Travis E. Staub. Immediately following the 2008 annual meeting of shareholders, Mr. Staub retired from the Board of Directors and Mr. Holliman was appointed to the Executive Compensation and Stock Incentive Committee to serve as its chair. Mr. Lashlee resigned from serving on the committee in March 2009, following the Board of Directors determination that he did not meet the requirements for independence under the current listing standards of the New York Stock Exchange or our Director Independence Standards, as described in the section above entitled Director Independence.

None of the members of the committee has at any time been one of our officers or employees. Members of the committee may, from time to time, have banking relationships in the ordinary course of business with our subsidiary, BancorpSouth Bank, as described below in the section entitled CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS. Messrs. Franklin, Holliman and Nolan had no other relationship during 2008 requiring disclosure by us.

During 2008, none of our executive officers served as a member of another entity s compensation committee, one of whose executive officers served on our Executive Compensation and Stock Incentive Committee or on our Board of Directors, and none of our executive officers served as a director of another entity, one of whose executive officers served on our Executive Compensation and Stock Incentive Committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth certain information, as of January 31, 2009, with respect to the beneficial ownership of our common stock by (i) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock, (ii) each director and nominee for director, (iii) each of our Named Executive Officers identified in the section below entitled EXECUTIVE COMPENSATION Summary Compensation Table and (iv) all of our directors and executive officers as a group. As of January 31, 2009, 83,109,163 shares of our common stock were outstanding. The statute governing Mississippi state banks and our Amended and Restated Bylaws require our directors to hold $200 in par value (i.e., 80 shares) of our common stock. The number of shares of common stock owned by each director reflected in the table below includes such shares. We relied on information supplied by our directors, executive officers and beneficial owners for purposes of this table.

Name and Address of Beneficial Owner[1]	Amount and Nature of Beneficial Ownership[2]	Percent of Class
BancorpSouth, Inc. 401(k) Profit Sharing Plan and Trust	5,990,808	7.21%
Barclays Global Investors, NA[3]	5,183,564	6.24%
L. Nash Allen, Jr.	126,350	*
James E. Campbell, III	88,756	*
W. Gregg Cowsert	81,975	*
Hassell H. Franklin	1,161,824	1.40%
W. G. Holliman, Jr.	719,044(4)	*
James V. Kelley	330,754	*
Larry G. Kirk	34,770	*
Turner O. Lashlee	101,294	*
Gordon R. Lewis	55,106	*
Guy W. Mitchell, III	43,550	*
R. Madison Murphy	432,492(5)	*
Robert C. Nolan	612,226(6)	*
W. Cal Partee, Jr.	315,480(7)	*
Aubrey B. Patterson	967,784	1.16%
Alan W. Perry	90,000	*
All directors and executive officers as a group (20 persons)	5,161,405	6.21%

* Less than 1%.

(1) The address of each person or entity listed, other than Barclays Global Investors, NA, is c/o BancorpSouth, Inc., One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi

38804. The address of Barclays Global Investors, NA is 400 Howard Street, San Francisco, California 94105.

(2) Beneficial ownership is deemed to include shares of common stock that an individual has a right to acquire within 60 days after January 31, 2009, including upon the exercise of options granted under our various equity incentive plans described in the sections entitled CORPORATE GOVERNANCE Committees of the Board of Directors Executive Compensation and Stock Incentive Committee and CORPORATE GOVERNANCE Committees of the Board of Directors Nominating Committee as follows:

Name	Common Stock Underlying Options Exercisable within 60 Days
L. Nash Allen, Jr.	39,200
James E. Campbell, III	
W. Gregg Cowsert	46,598
Hassell H. Franklin	32,400
W. G. Holliman, Jr.	32,400
James V. Kelley	197,833
Larry G. Kirk	21,600
Turner O. Lashlee	32,400
Gordon R. Lewis	21,200
Guy W. Mitchell, III	18,000
R. Madison Murphy	25,200
Robert C. Nolan	25,200
W. Cal Partee, Jr.	21,600
Aubrey B. Patterson	520,399
Alan W. Perry	32,400

These shares are deemed to be outstanding for the purposes of computing the percent of class for that individual, but are not deemed outstanding for the purposes of computing the percentage of any other person.

Information in the table for individuals also includes shares held for their benefit in our 401(k) Profit Sharing Plan and Trust, and in individual retirement accounts for which the shareholder can direct the vote. Except as indicated in the footnotes to this table, each person listed has sole voting and investment power with respect to all shares of common stock shown as beneficially owned by him pursuant to applicable law.

(3) Based on information contained in a Schedule 13G, filed on February 5, 2009, with the SEC. The amount shown includes shares beneficially owned by affiliates of Barclays Global Investors, NA.

(4) Includes 141,417 shares owned by Mr. Holliman s wife, of which Mr. Holliman disclaims beneficial ownership.

(5) Includes 10,940 shares held in trusts of which Mr. Murphy is the trustee for the benefit of his minor children, of which Mr. Murphy disclaims beneficial ownership, 48,288 shares held in trusts of which Mr. Murphy is co-trustee for the benefit of others, 9,735 shares owned by Mr. Murphy s wife, of which Mr. Murphy disclaims beneficial ownership, and 248,861 shares held by a limited partnership that is controlled by a limited liability company of which Mr. Murphy is a member, of which Mr. Murphy disclaims beneficial interest as to 228,110 shares.

(6) Includes 13,435 shares held in trusts of which Mr. Nolan is the co-trustee for the benefit of his grandchildren, of which Mr. Nolan disclaims beneficial ownership, 391,971 shares held in a trust of which Mr. Nolan is the co-trustee for the benefit of his nieces, nephews, children and the lineal descendants of four co-trustees, of which Mr. Nolan disclaims beneficial ownership, and 4,227 shares owned by Mr. Nolan s wife, of which Mr. Nolan disclaims beneficial ownership.

(7) Includes 1,585 shares owned by Mr. Partee s wife, of which Mr. Partee disclaims beneficial ownership, and 8,973 shares held by Mr. Partee s wife as custodian for the benefit of Mr. Partee s children, of which Mr. Partee disclaims beneficial ownership.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Executive Compensation and Stock Incentive Committee of the Board of Directors administers our executive compensation program. The Executive Compensation and Stock Incentive Committee is composed entirely of directors who are independent under the listing standards of the New York Stock Exchange and our Director Independence Standards. The Director Independence Standards are available on our website at *www.bancorpsouthonline.com* on our Investor Relations webpage under the caption Corporate Information Governance Documents and the charter of the Executive Compensation and Stock Incentive Committee is available on our website at *www.bancorpsouthonline.com* on our Investor Relations webpage under the caption Corporate Information Committee Charting. The charter is reviewed annually by the Executive Compensation and Stock Incentive Committee and was most recently revised in April 2007.

In 2008, our Board of Directors elected not to participate in the U.S. Department of the Treasury s Capital Purchase Program, part of the federal government s Troubled Asset Relief Program and, therefore, we are not subject to the restrictions on executive compensation contained in the American Recovery and Reinvestment Act of 2009 or any regulations promulgated thereunder.

In performing its duties, among other things the Executive Compensation and Stock Incentive Committee:

- Annually reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer s performance in light of those goals and objectives and determines and approves the Chief Executive Officer s compensation level based on this evaluation;

- In determining the long-term incentive component of the Chief Executive Officer s compensation, considers our performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the Chief Executive Officer in past years and such other factors as it may deem relevant;

- For the (i) Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer, annually determines and approves, and (ii) other executive officers, annually reviews and recommends to the Board:

  - The annual base salary level(s);

  - Annual bonus(es);

  - Changes or amendments to incentive-compensation plans and equity-based plans;

  - Employment agreements, severance arrangements and change-in-control agreements, in each case as, when and if appropriate; and

  - Any special or supplemental benefits plans or programs;

- At least annually and more often as circumstances dictate, reports its actions to the Board; and

- Annually reviews and re-assesses the adequacy of the Executive Compensation and Stock Incentive Committee s charter and recommends any proposed changes to the Board for approval.

Compensation Policy

Our principal measures of success in achieving our business objectives are an increasing dividend, growth in average deposits and other funding sources, return on average equity, earnings per share growth, our asset quality and our overall market competitive position, as measured against our own internal standards and as compared to a peer group of comparably sized financial and bank holding companies. The variable, performance-based elements of our executive compensation program are designed to reward our executive officers based on our overall performance in achieving defined performance goals relative to these measures.

Through our executive compensation program we seek to provide:

- Base salaries at levels that will attract and permit us to retain qualified executive officers;
- Compensation that differentiates pay on the basis of performance;
- Incentive compensation opportunities that will motivate executive officers to achieve both our short-term and long-term business objectives and that will provide compensation commensurate with our performance achievements;
- Total compensation that is competitive with that of comparable bank holding companies within the context of our performance; and
- Protection of shareholder interests by requiring achievement of successful results as a condition to earning above-average compensation.

Our executive compensation program consists of the following primary elements:

- *Annual base salary* is intended to provide a foundation element of compensation that is relatively secure and that reflects the skills and experience that an executive brings to us; we seek to pay base salaries that are competitive with those paid to executive officers in comparable positions at comparable financial and bank holding companies;
- *Annual incentive compensation* is a variable non-equity element that is based on the achievement of defined goals for a given fiscal year that are tied to our overall performance and, in some situations, performance of a specific business unit;
- *Long-term incentive compensation* is a variable equity element that provides an emphasis on longer-term performance goals, stock price performance, ongoing improvement and continuity of performance;
- *Employee benefits* are intended to provide reasonable levels of security with respect to retirement, medical, death and disability protection and paid time off; and
- *Certain perquisites* are used to supplement the other elements of compensation, facilitating the attraction and retention of executive officers of the caliber we believe necessary to remain competitive.

The Executive Compensation and Stock Incentive Committee uses the variable compensation elements of our executive compensation program (i.e., annual incentive compensation and long-term incentive compensation) as incentives that are based on our performance. While increases to annual base salaries also take individual and our overall performance into consideration, they are not predicated solely on performance achievements and are not subject to the same degree of variability as the performance-based incentives. The variable elements of compensation align with shareholder interests by focusing executives attention on key measures of performance that we believe either drive shareholder return or directly reflect our stock price performance.

The allocation of compensation across each of the elements of our executive compensation program is based on the following considerations:

- The need to provide a level of basic compensation (base salary and employee benefits) necessary to enable us to attract and retain high-quality executives, regardless of external business conditions;
- The goal of providing a substantial amount of compensation opportunities through performance-based, variable-compensation vehicles;

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The goal of reflecting reasonable practices of comparable financial and bank holding companies within the context of our performance achievements; and

The desire to align our executives and our shareholders best interests through the use of equity-based compensation vehicles.

To date, we have not implemented policies or procedures with respect to adjustment or recovery of awards or payments in the event of restatements of our earnings or similar events.

The statute governing Mississippi state banks and our Amended and Restated Bylaws require our directors to own shares of our common stock in an aggregate amount of at least $200 par value (i.e., 80 shares). We do not, however, have any other requirements for minimum stock ownership for our officers or directors. Our Insider Trading Policy prohibits directors, officers and other employees from hedging the economic risk of ownership of any shares of our common stock they own.

Compensation Process

The Executive Compensation and Stock Incentive Committee generally meets four times a year and more often if necessary. Prior to each regular meeting, the Corporate Secretary sends materials to each committee member, including minutes of the previous meeting, an agenda, recommendations for the upcoming meeting and other materials relevant to the agenda items. On occasion, the Chief Executive Officer attends committee meetings to provide information to the committee concerning the performance of executive officers, discuss performance measures relating to executive officer compensation and make recommendations to the committee concerning the compensation of the executive officers. The Executive Compensation and Stock Incentive Committee holds an executive session consisting only of committee members (and, as appropriate, representatives of Watson Wyatt Worldwide, Inc., our compensation consultants) at almost every meeting. The Chief Executive Officer does not engage in discussions with the Executive Compensation and Stock Incentive Committee regarding his own compensation, except to respond to questions posed by committee members outside of the executive session deliberations.

Management annually compiles tally sheets to assimilate all components of compensation that are paid to the Named Executive Officers. This information is provided to the Executive Compensation and Stock Incentive Committee for use in its deliberations.

The Executive Compensation and Stock Incentive Committee reviews and approves, in advance, employment, severance or similar arrangements or payments to be made to any executive officer. The committee receives reports from management pertaining to compensation for all other officers and annually reviews all of the perquisites paid to the Named Executive Officers as discussed below in the section entitled Components of Compensation Perquisites.

In 2008, we engaged Watson Wyatt Worldwide, Inc. to provide multiple services, including substantive consultation services with respect to general compensation, health, welfare and retirement benefits. In addition, Watson Wyatt is the actuary for our pension plan. Since 2001, the Executive Compensation and Stock Incentive Committee has separately engaged Watson Wyatt to review our executive compensation programs, advise the committee with respect to the aggregate level of compensation of our executive officers and advise the committee on the mix of elements used to compensate our executive officers. The Watson Wyatt consultants who are involved in this function are engaged separately and work independently from those Watson Wyatt consultants who are engaged for health, welfare and retirement consulting.

In performing its services in 2008, Watson Wyatt interacted collaboratively with the Executive Compensation and Stock Incentive Committee and senior management. Watson Wyatt s analyses and reports were provided contemporaneously to both the chairman of the committee and to management to facilitate review and discussion. The Executive Compensation and Stock Incentive Committee instructed Watson Wyatt to prepare an analysis of the market competitiveness of base salary, annual bonus opportunity and long-term incentive opportunity for our senior management. In response, Watson Wyatt conducted an in-depth market analysis and, based on this analysis, made additional recommendations regarding Mr. Patterson s position as Chairman and Chief Executive Officer and Mr. Kelley s position as President and Chief Operating Officer.

Watson Wyatt provided the chairman of the Executive Compensation and Stock Incentive Committee with a detailed report that summarized the market data and provided the committee with observations as to our relative competitiveness in comparison to both our peer group and the overall relevant bank industry marketplace based on Watson Wyatt s interpretation and synthesis of the various components of market data.

In addition, the Executive Compensation and Stock Incentive Committee relied on Watson Wyatt for the following:

Guidance regarding the appropriateness of the companies comprising our peer group;

The design and operation of our overall executive compensation program;

Guidance regarding the implications of various regulations affecting executive compensation; and

Research of issues and presentation of alternatives on topics of interest to the committee.

The Executive Compensation and Stock Incentive Committee determined specific awards for 2008 through a qualitative analysis beginning from a base of objective market information. First, Watson Wyatt provided a memorandum to the chairman of the committee that included a detailed market analysis and observations of market competitiveness of the Chief Executive Officer s and Chief Operating Officer s base salary, target bonus opportunity and long-term incentive opportunity. The committee then reviewed this objective market information as a check to ensure that the current compensation and potential increases were within an acceptable competitive range. In addition, the committee analyzed factors such as our past and expected future performance, past and expected future individual performance, career objectives, retention considerations, the current business environment and anticipated changes, and our near-term and long-term business strategies. In other words, the committee combined objective and financial information with subjective and qualitative considerations. The committee made adjustments to base compensation, target annual bonus award opportunities and the quantity and form of long-term incentive award opportunities with a view to providing incentives that would encourage the performance that is necessary to achieve our business objectives.

In reviewing the peer group analysis, the Executive Compensation and Stock Incentive Committee did not set executive compensation in accordance with a specific benchmark nor use a peer group subset in its analysis. The committee did, however, review proxy statement disclosures and compensation survey data. The peer group selected by the committee was comprised of both primary comparators and a reference comparator. The primary comparators were organizations that were within a range of approximately one-half to two times our asset size and the reference comparator was an organization of regional interest that was outside of that range. The primary and reference comparators were as follows:

Primary comparators: BOK Financial Corporation; The Colonial Bancgroup, Inc.; Commerce Bancshares, Inc.; Cullen/Frost Bankers, Inc.; FirstMerit Corporation; Fulton Financial Corporation; Hancock Holding Company; The South Financial Group, Inc.; Trustmark Corporation; United Community Banks, Inc.; Valley National Bancorp; Webster Financial Corporation; and Whitney Holding Corporation.

Reference comparator: Synovus Financial Corp.

The proxy statement review analysis included the following:

The pay levels and practices of the peer group of financial and bank holding companies selected by the committee;

The Chief Executive Officer s and the Chief Operating Officer s positions from both a pay rank perspective (e.g., highest paid and second-highest paid) and a position match perspective (e.g., Chairman and Chief Executive Officer, President and Chief Operating Officer);

Base salary, annual bonus (both target opportunity and bonus actually paid), total cash compensation (salary plus bonus), long-term incentive opportunity and total direct compensation (salary plus bonus and long-term incentive opportunity); and

Both descriptive statistics (e.g., 25th, 50th and 75th percentiles) for the primary comparators and our percentile ranking versus the peer group primary comparators for each pay element. Similar data was compiled for the reference comparator, but was not incorporated into the descriptive statistics or the percentile rankings.

In its review of compensation survey data, the Executive Compensation and Stock Incentive Committee used nationally recognized bank industry surveys (primarily surveys provided by Watson Wyatt and Mercer LLC) reflecting similarly-sized banking organizations. Watson Wyatt provided the committee with comparisons using both a straight-line regression analysis, which related compensation to the asset size of the banking organization, and an asset group analysis, which examined pay data for the banking organizations falling within set asset-size groupings. This review included the following:

An examination for the Chairman and Chief Executive Officer and the President and Chief Operating Officer positions, as well as other selected senior management positions;

An examination of base salary, annual incentive opportunity and long-term incentive opportunity; and

A calculation of descriptive statistics reflecting the 25th, 50th and 75th percentiles of the participant data.

The Executive Compensation and Stock Incentive Committee believes that the overall compensation for both our Chief Executive Officer and Chief Operating Officer is competitive with our peer group and is commensurate with the responsibilities assigned to their respective positions. Compensation for our other executive officers is near the 50th percentile of the compensation for similarly situated officers in the peer group. Otherwise, our compensation policies are consistently applied for all of our executives. The difference between the award opportunities granted to Mr. Patterson as compared to Mr. Kelley, and to Messrs. Patterson and Kelley as compared to our other executive officers, is a reflection of differences in the level and scope of responsibility of their respective positions, and the market s pattern of providing progressive award opportunities at higher levels.

Components of Compensation

The Executive Compensation and Stock Incentive Committee allocates compensation to our executive officers both as to specific components (e.g., base salary and incentive compensation) and as a whole. Each of the components of compensation is discussed in more detail below. The Executive Compensation and Stock Incentive Committee is relatively more focused on the individual components that make up an individual executive s total compensation rather than the total compensation itself.

Annual Base Salary. The Executive Compensation and Stock Incentive Committee views cash compensation as one element of overall compensation, but not necessarily as the principal means to provide incentive to our executive officers. We believe that base salary ranges should reflect the competitive employment market and the relative internal responsibilities of each executive s position, with an executive s salary within a salary range being based upon his or her individual performance. In connection with the annual budget process, the Executive Compensation and Stock Incentive Committee considers salaries for executive officers within the context of the competitive market data described above under the caption Compensation Process. In its review of market data for setting 2008 salary levels, the committee found that, while there were some variances of our executives salaries from salaries for comparable positions at comparable financial and bank holding companies (which particular deviations were deemed appropriate), the salaries of our executives on the whole reasonably approximated the salaries at comparable financial and bank holding companies.

Increases in executive base salary are based upon the following considerations:

Our salary budget for the applicable fiscal year, which includes the salary of all of our employees;

Assessment of the competitiveness of the executive s salary as compared to competitive market data (with primary emphasis on setting base salary at the median salary for the comparable position at comparable financial and bank holding companies unless a different compensation level is warranted by individual performance);

The executive s performance in carrying out his or her specific job responsibilities and attaining specific objectives that may have been established for the year;

Our overall performance as a whole for the prior fiscal year; and

Assessment of the appropriateness of the executive s salary when compared to peers and on an internal equity basis.

In 2008, the Executive Compensation and Stock Incentive Committee set the base salary of our executives in reference to both individual performance and our overall performance. The committee endeavored to understand competitive pay and compensation opportunities for similarly situated executive officers of comparable financial and bank holding companies and to provide reasonably competitive compensation within the context of our achievements. The committee determined the amounts of base salary increases for our executive officers after consideration of:

The executive officer s pattern of achievement with respect to the budget and business plan performance in his or her area(s) of responsibility and overall managerial effectiveness with respect to planning, personnel development, communications, regulatory compliance and similar matters;

Competitive base salary levels for similarly situated executives in comparable financial and bank holding companies;

The current level of the executive officer s base salary in relation to market competitive salary levels;

Marketplace trends in salary increases (both geographical and by industry); and

Consideration of our overall performance and aggregate cost affordability, retention risks, fairness in view of our overall salary increases and the executive officer s potential for future contributions to the organization.

In January 2009, the Executive Compensation and Stock Incentive Committee determined that the base salary for the executive officers for 2009 would be the same as their 2008 base salaries. The committee decided that salary increases were not appropriate in the current economic environment but left open the opportunity to revisit this in the third or fourth quarter of 2009.

Annual Incentive Compensation. Annual non-equity bonuses are provided through our incentive compensation program. This program furthers our objectives to provide compensation that differentiates pay on the basis of performance, provide compensation commensurate with our performance achievements and protect shareholder interests by requiring achievement of successful results as a condition to earning above-average compensation. We believe that annual incentive compensation should reflect the competitive employment market and the relative internal responsibilities of each executive s position and should provide meaningful compensation opportunities in relation to our achievement of key annual performance goals. We believe that such compensation opportunities will motivate executives to achieve our established goals. The Executive Compensation and Stock Incentive Committee considers annual bonuses for similarly situated executive officers of similarly-sized financial and bank holding companies within the context of the competitive market data described above under the caption Compensation Process.

We provide annual incentive compensation opportunities to Named Executive Officers under two programs the Executive Performance Incentive Plan and the Home Office Incentive Plan. The Executive Performance Incentive Plan provides for the payment of cash incentive bonuses and equity-based awards based upon the achievement of performance goals established by a subcommittee of the Executive Compensation and Stock Incentive Committee that administers the plan. This plan is intended to increase shareholder value and our success by encouraging

outstanding performance by our Named Executive Officers who are eligible to participate. For 2008, participation in the Executive Performance Incentive Plan was limited to the two executive officers whose compensation is subject to the deduction limitations of Section 162(m) of the Internal Revenue Code the Chief Executive Officer and the Chief Operating Officer. Payments made under the Executive Performance Incentive Plan are intended to be performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code. The amount of the cash bonus may vary among participants from year to year.

The subcommittee that administers the Executive Performance Incentive Plan consists of members of the Executive Compensation and Stock Incentive Committee who are qualified under all applicable independence standards (including Section 162(m) of the Internal Revenue Code and SEC Rule 16b-3). The subcommittee may establish performance goals for awards granted under the plan based on any of the following business criteria:

Return on average equity or average assets;

Deposits and other funding sources;

Revenue, including interest income and/or non-interest income, and/or return on revenue;

Cash flow (operating, free, cash flow return on equity, cash flow return on investment);

Earnings, before or after taxes, interest, depreciation and/or amortization;

Earnings per share;

Net interest margin;

Improvement in credit quality measures, including non-performing asset ratio, net charge-off ratio or reserve coverage of non-performing loans vs. peers;

Efficiency ratio;

Loan growth; and

Total shareholder return.

The subcommittee may take into account several factors when establishing performance goals but such goals must be objectively determinable and based on levels of achievement of the business criteria listed above. No later than 90 days after the beginning of each fiscal year or any other performance period, the subcommittee will specify in writing (i) the type of award (i.e., cash or equity) and target amount payable to each participant, (ii) the maximum amount payable to each participant, (iii) the performance goals upon which each participant s award is conditioned and (iv) the formula to determine the amount payable or shares that become vested based on the achievement of the specified goals. The amount of awards may vary among participants and from year to year, but the maximum cash bonus payable to any participant under the Executive Performance Incentive Plan in a year is $4 million.

Following the applicable performance period, the subcommittee must certify in writing for each participant whether the performance goals and any other material conditions have been met. If these goals and conditions have been met, the subcommittee may authorize payment of the amount earned under an award. The subcommittee has discretion to reduce or eliminate, but not increase, an amount that is payable under the Executive Performance Incentive Plan. Incentive cash bonuses are paid as soon as practicable following the end of the fiscal year.

We also provide incentive compensation opportunities to Named Executive Officers and other participants under the Home Office Incentive Plan. The Home Office Incentive Plan uses the same performance measures and goals as the Executive Performance Incentive Plan referenced above, but allows the Executive Compensation and Stock Incentive Committee to consider objective factors and to use its discretion to either increase or decrease resultant awards.

The Home Office Incentive Plan and the Executive Performance Incentive Plan are similar but separate programs. Employees are eligible for either one program or the other, but not both. The Home Office Incentive Plan covers approximately 69 key management employees who are selected by our Board of Directors and does not impact the awards generated under the Executive Performance Incentive Plan. Awards granted under the Home Office Incentive Plan and the Executive Performance Incentive Plan during 2008 had the following characteristics:

Awards were based on growth in average deposits and other funding sources, and return on average equity. These metrics were selected because of their relationship to shareholder value. Performance goals using these metrics were established and were applied consistently to all participants of both plans;

The award opportunities were established on the basis of (i) each participant s role and level in the organization, his or her potential to make significant contributions to our success and market competitive levels for similarly situated positions in comparable financial and bank holding companies, (ii) the nature of the participant s position and scope of responsibilities so that performance goals were tailored to either our overall performance or business unit performance, depending on the scope of the participant s responsibilities, and (iii) our business environment and positioning in comparison to key competitors, as well as our near-term business plan and longer-term business strategy, which were the basis for establishing performance goals;

The relationship between performance goals and amount of award earned was set forth in a matrix that specified the target award opportunity for performance criteria;

The actual performance achieved was compared to the goals established for the year and the amount of award earned was determined for each participant. For participants of the Executive Performance Incentive Plan, the Executive Compensation and Stock Incentive Committee certified the achievement of performance goals in writing, as is required; and

No discretion was applied to adjust the amount awarded under either plan.

Awards under the Executive Performance Incentive Plan and Home Office Incentive Plan were made in 2008 to provide cash bonus opportunities that were a percentage of each Named Executive Officer s base salary, subject to the achievement of the performance goals described below, as follows:

		Award Opportunity as a Percentage of Salary*		
Executive Officer	Annual Incentive Plan Participation	Threshold	Target	Maximum
Aubrey B. Patterson	Executive Performance Incentive Plan	33%	100%	200%
L. Nash Allen, Jr.	Home Office Incentive Plan	15%	45%	90%
James V. Kelley	Executive Performance Incentive Plan	25%	75%	150%
W. Gregg Cowsert	Home Office Incentive Plan	17%	50%	100%
Gordon R. Lewis	Home Office Incentive Plan	17%	50%	100%

* Straight-line interpolation used to determine award opportunities for performance between goal levels.

Awards were targeted to each executive s role and scope of responsibility in the organization. For some executives, performance goals were based entirely on overall company performance. For others, a portion of performance was also measured by goals that were tied to the area of the individual's responsibility. For our Named Executive Officers, 2008 performance measures were blended as follows:

Executive Officer	Overall BancorpSouth Performance	Performance Criteria System-wide Community Bank Performance	Net Charge-offs
Aubrey B. Patterson	100%	0%	0%
L. Nash Allen, Jr.	100%	0%	0%
James V. Kelley	100%	0%	0%
W. Gregg Cowsert	75%	0%	25%
Gordon R. Lewis	75%	25%	0%

For 2008, the Executive Compensation and Stock Incentive Committee established the performance goals set forth below for the Named Executive Officers with respect to the enumerated overall BancorpSouth performance and net charge-off criteria. The target amounts for each performance criteria were incorporated into our fiscal budget.

Performance Goal	Threshold Amount	Target Amount	Maximum Amount
Growth in Average Deposits	$10,630,000,000	$11,811,000,000	$12,992,000,000
Return on Average Equity	10.34%	12.17%	14.0%
Net Charge-offs	0.253% of Loans	0.23% of Loans	0.207% of Loans

The threshold amount of each respective award was equal to 33% of the target award and the maximum amount of each respective award was equal to 200% of the target award, as reflected in the table below under the section entitled EXECUTIVE COMPENSATION Grants of Plan Based Awards. Based on our actual performance in 2008, no cash incentive bonus payments were made with respect to either the overall BancorpSouth performance or the net charge-off performance goals. The Executive Compensation and Stock Incentive Committee set similar performance goals for 2009.

With respect to system-wide community bank performance criteria, the performance goal was based on the community bank financial budget for net income, loan growth, deposit growth and non-interest income. The target amount of the bonus that was based on these performance criterion was awardable if 100% of the budgeted amount was achieved for each of these metrics. The maximum amount of the bonus was awardable if 105% of budget was achieved. The threshold amount of the bonus was based on 95% of budget. Based on our actual performance in 2008, the cash incentive bonus payment for system-wide community bank performance represented 156.9% of the target award.

Long-Term Incentive Compensation. Long-term incentive compensation is another important part of our executive compensation program and provides equity-based awards to align the interests of our executives with those of our shareholders. The Executive Compensation and Stock Incentive Committee s current approach is to provide long-term incentive compensation to Named Executive Officers through grants of stock options and performance shares. Under the relevant shareholder-approved plans the 1994 Stock Incentive Plan and the Executive Performance Incentive Plan we have the ability to grant non-qualified stock options, incentive stock options, performance shares, restricted stock and restricted stock units. We believe that the level of long-term incentive compensation should reflect the competitive employment market and the relative internal responsibilities of each executive s position. The Executive Compensation and Stock Incentive Committee considers long-term incentive compensation for executive officers at comparable financial and bank holding companies within the context of the competitive market data described above under the caption Compensation Process. In 2008, the committee attempted to set the long-term incentive compensation for our executives at a level that was near the 50^{th} percentile for comparable positions at comparable financial and bank holding companies.

The Executive Compensation and Stock Incentive Committee has the ability to use different long-term incentive vehicles for achieving our compensation objectives. For example, the committee may grant:

Stock options to focus on stock price appreciation;

- Restricted stock and restricted stock units as an incentive for continued service or to emphasize both our overall performance and executive retention; and

- Performance shares as an incentive to improve our overall performance.

We generally grant stock options and performance shares to provide performance-based long-term incentive compensation because the value to the recipient is dependent upon appreciation in our stock price and is driven by our overall performance. We anticipate that our pattern of equity grants will be to continue granting stock options late in the year (at the beginning of November of each year) and performance share awards early in the year (as soon as knowledge of prior year results can be incorporated into the goal-setting process).

Performance shares are equity awards denominated in shares of our common stock. The number of shares earned is based on the achievement of goals that reflect our overall financial and operating performance as determined by the Executive Compensation and Stock Incentive Committee. In addition, the value of earned performance shares is determined by the market value of our common stock. The award cycle for performance shares is three years and is comprised of a two-year performance period followed by a one-year retention period. The performance period is set at two years to reflect a realistic time period for achieving goals in the current environment for the financial services industry and the retention period is set at one year to enhance the retentive power of the performance share awards (three years overall) and so that the impact of stock price performance reflects a longer period. This element of the long-term incentive compensation is configured so that a new three-year award cycle will begin every year that performance shares are granted.

In 2008, equity-based awards were limited to officers who were responsible for long-term investment, operating or policy decisions and to officers who were instrumental in implementing those decisions. In determining the total number of performance shares to be granted, the Executive Compensation and Stock Incentive Committee considered the number of available shares under our 1994 Stock Incentive Plan but had no fixed formula for determining the total number of shares to be granted. In selecting the award recipients and determining the level of equity grants made in 2008, the committee considered a combination of (i) market competitive data, (ii) the present scope of responsibility of each officer, (iii) the degree to which the business units influenced by each officer contributed to our profits, (iii) the degree to which asset quality and other risk decisions were influenced by each officer s direction, (iv) the number of awards currently held by each officer, and (v) the long-term management potential of each officer. No single factor was weighed more heavily than any other factor in determining the amount of equity grants.

Equity-based awards for 2008 were as follows:

- 60% of the long-term incentive award opportunity was granted as performance shares with an award cycle that encompasses 2008, 2009 and 2010 with the following performance and retention periods:
  - The performance period for this award cycle is 2008 through 2009, with performance measured against goals to be set by the Executive Compensation and Stock Incentive Committee in the first quarter of 2009 with respect to our cumulative earnings per share and two-year average of deposits and other funding sources; and
  - The retention period for this award cycle is 2010, with performance shares earned over the 2008-2009 performance period being paid out in early 2011 only to participants who continued their service through the end of the retention period.
- The remaining 40% of the long-term incentive award opportunity was granted as stock options with the following terms:
  - Stock options vest ratably on the basis of continued employment over the three-year period following the date of grant;
  - The exercise price was equal to the closing price of our common stock on the date of grant; and
  - The maximum term of the stock option was seven years.

With respect to the performance shares that were granted in 2007, the 2007 through 2008 performance period is complete and, because the performance goals established for these awards were not met during the performance period, all of these awards have been forfeited and are, therefore, not subject to a retention period.

Executive Benefits. We provide our executive officers with benefits in amounts that we believe are reasonable, competitive and consistent with our executive compensation program. We believe that such benefits help us to attract and retain executive officers of the caliber we believe necessary to remain competitive. We offer group life, disability, medical, dental and vision insurance to all our employees. We also maintain a Retirement Plan, which is discussed in detail below under the section entitled EXECUTIVE COMPENSATION Pension Benefits Retirement Plan. In addition, we maintain bank-owned life insurance that can be used for funding supplemental benefits to certain executive officers.

Perquisites. We provide our executive officers with perquisites in amounts that we believe help us attract and retain highly-qualified leaders. For certain executives, including the Named Executive Officers, we provide a company automobile and pay for country club dues and the cost of an annual physical examination.

In addition, we own and operate corporate aircraft to facilitate the business travel of our executive officers consistent with the best use of their time. Although the Named Executive Officers are not generally entitled to use aircraft for personal travel, Messrs. Patterson and Kelley are permitted to use aircraft for personal travel.

Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code generally limits the corporate tax deduction for compensation in excess of $1 million that is paid to our Named Executive Officers. Qualifying performance-based compensation, however, is fully deductible without regard to the general Section 162(m) limits if certain requirements are met. Section 162(m) also permits full deductibility for certain pension contributions and other payments. The Executive Compensation and Stock Incentive Committee has carefully considered the impact of Section 162(m) and its limits on deductibility, and intends that certain of our compensation plans qualify for an exception to the limitations of Section 162(m) so that we may fully deduct compensation paid under these plans. The Executive Performance Incentive Plan is considered performance-based for this purpose, as are certain awards under the 1994 Stock Incentive Plan.

A portion of the compensation that is payable under certain of our other executive compensation arrangements may exceed the Section 162(m) limitation and, therefore, may not be deductible by us. In adopting these executive compensation arrangements, the Executive Compensation and Stock Incentive Committee determined that the benefits of these arrangements to us and our shareholders outweighed the inability to deduct a portion of the compensation for federal income tax purposes.

Employment Contracts and Change in Control Arrangements

We have no written employment agreements with any of the Named Executive Officers.

We have entered into a Change in Control Agreement with each of the Named Executive Officers that provides certain benefits in the event that we experience a change in control and we terminate the executive s employment without cause (cause is generally defined as conviction of certain crimes, commission of certain acts of dishonesty or intentional neglect of or material inattention to duties) or the executive resigns for cause (i.e., a material adverse alteration in the executive s position, a reduction in compensation or a material breach by us of our employment policies) within 24 months after the change in control. In general, the amount payable to Messrs. Patterson and Kelley under the agreements is 300% of the amount of annual base compensation and the highest annual bonus that the executive would otherwise be entitled to receive in the year that the change in control occurs, the amount payable to Messrs. Cowsert and Lewis is 200% of such annual base compensation and annual bonus, and the amount payable to Mr. Allen is 100% of such annual base compensation and annual bonus. Each agreement includes a double trigger (i.e., requiring both a change in control and termination of the executive s employment for the executive to receive payment) so that the Named Executive Officer will only receive additional benefits if a change in control also has an adverse impact on him and the surviving entity is not required to provide such benefits if it desires to maintain the services of the executive. For more information about the Change in Control Agreements with the Named Executive Officers, see the section below entitled EXECUTIVE COMPENSATION Potential Payments Upon Termination or Change-in-Control.

All equity incentives granted under our stock incentive plans, including those granted to the Named Executive Officers, become vested and/or exercisable immediately if we undergo a change in control. Under the Executive Performance Incentive Plan, if we experience a change in control, all participants will receive the maximum amount payable under the incentive bonus. This bonus will be paid as soon as practicable following the change in control.

Retirement Benefits

We maintain certain compensatory arrangements as part of our retirement program that are intended to provide payments to the Named Executive Officers upon their resignation or retirement. These include our 401(k) Plan, a traditional defined benefit retirement plan referred to as our Retirement Plan, a traditional supplemental defined benefit plan referred to as our Restoration Plan, a supplemental defined benefit plan referred to as our Supplemental Executive Retirement Plan and a contributory deferred compensation arrangement referred to as our Deferred Compensation Plan. The purpose of this retirement program is to provide competitive retirement benefits that enable us to attract and retain talented leaders who will exert considerable influence on our direction and success.

All Named Executive Officers are eligible to participate in our 401(k) Plan, pursuant to which each executive could contribute up to a maximum of $20,500 for 2008 ($15,500 limit for all employees plus $5,000 maximum catch-up for each employee over the age of 50). We provide a matching contribution for the first five percent of base salary contributed in the plan, up to a maximum of $11,500 per year.

We maintain the Retirement Plan, a tax-qualified, non-contributory, defined benefit retirement plan, for certain of our employees and those of our subsidiaries who have reached the age of 21 and have completed one year of service. Benefits under the Retirement Plan are based primarily on final average compensation and length of service. For 2008, the maximum annual benefit allowable under the Internal Revenue Code with respect to the Retirement Plan was $185,000 and the maximum amount of allowable annual compensation considered was $230,000.

We have also adopted the Restoration Plan, a non-qualified, non-contributory, unfunded defined benefit pension plan for certain officers. Benefits under the Restoration Plan are based primarily on length of service and final average compensation, but only to the extent that compensation and annual benefit accruals exceed the limits under the Internal Revenue Code and, therefore, are not included in the Retirement Plan.

We also maintain the Supplemental Executive Retirement Plan, a non-qualified, non-contributory, unfunded defined benefit pension arrangement, for selected key employees in the form of a deferred compensation agreement. Benefits under the Supplemental Executive Retirement Plan are based primarily on average final compensation. This arrangement supplements the benefits under the Retirement Plan and the Restoration Plan.

We also maintain the Deferred Compensation Plan to allow certain members of senior management to defer a portion of their cash compensation. Amounts that are deferred are credited with a market interest rate and are paid out upon retirement or termination of employment.

Employees hired on or after January 1, 2006 do not receive any benefit from the Retirement Plan or the Restoration Plan, but do receive an automatic contribution to the 401(k) Plan equal to 2% of their respective salaries. This additional 2% contribution is not dependent on employee deferrals to the 401(k) Plan. This strategy lowers the volatility of our Retirement Plan costs, shifts ownership and responsibility to our employees and enables us to direct our compensation towards non-retirement programs that are more individualized and based on pay-for-performance.

Each of the Named Executive Officers is eligible for normal or early retirement pursuant to the 401(k) Plan, the Retirement Plan, the Restoration Plan, the Supplemental Executive Retirement Plan and the Deferred Compensation Plan. The amounts each Named Executive Officer would have received if he had retired on December 31, 2008 is provided below in the section entitled EXECUTIVE COMPENSATION Potential Payments Upon Termination or Change-in-Control.

Director Compensation

We established our Deferred Directors Fee Unfunded Plan to provide an opportunity for our directors to receive their annual directors fees in the form of our common stock. Fifty percent (50%) of directors fees are automatically paid in the form of our common stock. Under this plan, directors may elect to receive any portion of the remainder of their fees in the form of our common stock.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information concerning compensation paid or accrued by us and our subsidiaries for the last three years with respect to our Named Executive Officers the Chief Executive Officer, the Chief Financial Officer and our three other most highly compensated executive officers who were serving as executive officers at December 31, 2008 and whose total compensation for 2008 exceeded $100,000:

Name and Principal Position	Year	Salary[1]	Bonus	Stock Awards	Option Awards[2]	Non-Equity Incentive Plan Compensation[3]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[4]	All Other Compensation[5]	Total
Aubrey B. Patterson	2008	$783,500	$	$	$324,893	$	$ [6]	$28,079	$1,136,472
Chairman and Chief	2007	717,586			162,281	645,827	832,485	27,420	2,385,599
Executive Officer	2006	686,685			22,790	824,022	863,946	36,203	2,433,646
L. Nash Allen, Jr.	2008	239,000			16,817		207,434	24,661	487,912
Treasurer and Chief	2007	216,827			10,181	87,815	139,133	22,782	476,738
Financial Officer	2006	209,495			1,478	113,128	154,674	22,596	501,371
James V. Kelley	2008	500,000			162,117		139,423	30,200	831,740
President and Chief	2007	473,101			74,819	319,343	107,588	34,247	1,009,098
Operating Officer	2006	452,728			10,164	407,455	118,885	23,368	1,012,600