

BANCORPSOUTH INC  
Form 424B2  
January 23, 2002

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Filed Pursuant to Rule 424(b)(2)

Registration No. 333 72712

**PROSPECTUS SUPPLEMENT**

(To Prospectus Dated December 17, 2001)

**5,000,000 Trust Preferred Securities****BancorpSouth Capital Trust I**

8.15% Trust Preferred Securities (TruPS®)  
(Liquidation Amount \$25 per Trust Preferred Security)  
Fully and Unconditionally Guaranteed,  
to the Extent Described herein, by  
BancorpSouth, Inc.

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The 8.15% trust preferred securities (TruPS®) will be issued by BancorpSouth Capital Trust I, a statutory Delaware business trust. BancorpSouth, Inc., a Mississippi corporation, will own all of the outstanding common securities of the Trust and will effectively fully and unconditionally guarantee payment of amounts due on the trust preferred securities. The Trust will use the proceeds received in connection with the sale of the trust preferred securities to purchase 8.15% junior subordinated debt securities due January 28, 2032 issued by BancorpSouth, Inc. The Trust was formed for the sole purpose of issuing the trust preferred securities and investing in the junior subordinated debt securities.

The trust preferred securities have been approved for listing on the New York Stock Exchange under the symbol BXS PrA, subject to official notice of issuance. Trading of the trust preferred securities is expected to begin on the New York Stock Exchange within 30 days of the date of this prospectus supplement.

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**See Risk Factors beginning on page S-7 of this prospectus supplement to read about certain factors you should consider before buying the trust preferred securities.**

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

These securities are not savings accounts or deposits. These securities are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

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	<b>Per Trust Preferred Security</b>	<b>Total</b>
Public offering price(1)	\$ 25.00	\$ 125,000,000
Underwriting commissions to be paid by BancorpSouth, Inc. (2) (2)		
Proceeds (before expenses) to BancorpSouth Capital Trust I \$25.00 \$125,000,000		

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(1) Plus accrued distributions from January 28, 2002, if settlement occurs after that date.

(2) Underwriting commissions of \$0.7875 per trust preferred security, or \$3,937,500 for all 8.15% trust preferred securities, will be paid by BancorpSouth, Inc.

The underwriters expect to deliver the trust preferred securities in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about January 28, 2002.

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TruPS<sup>®</sup> is a registered service mark of Salomon Smith Barney Inc.

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**Salomon Smith Barney**

**A.G. Edwards & Sons, Inc.**

**Morgan Stanley & Co.**

**Stephens Inc.**

**Stifel, Nicolaus &  
Company  
Incorporated**

The date of this prospectus supplement is January 18, 2002.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. BancorpSouth's business, financial condition, results of operations and prospects may have changed since such dates.

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**SUMMARY**

*The following information should be read together with the information contained in other parts of this prospectus supplement and in the accompanying prospectus. It may not contain all the information that is important to you. You should carefully read this entire prospectus supplement and the accompanying prospectus to understand fully the terms of the trust preferred securities and the related guarantee and junior subordinated debt securities, as well as the tax and other considerations that may be important to you in making a decision about whether to invest in the trust preferred securities. You should pay special attention to the Risk Factors section of this prospectus supplement to determine whether an investment in the trust preferred securities is appropriate for you.*

*Unless the context requires otherwise, references to (1) the Trust, us, our, or similar terms are to BancorpSouth Capital Trust I, a statutory Delaware business trust and the issuer of the preferred securities, (2) BancorpSouth are to BancorpSouth, Inc. and its consolidated subsidiaries and (3) preferred securities are to the 8.15% trust preferred securities to be issued by us in this offering.*

**About BancorpSouth**

Headquartered in Tupelo, Mississippi, BancorpSouth is a bank holding company operating 246 banking and mortgage locations and 233 ATMs in Arkansas, Alabama, Louisiana, Mississippi, Tennessee and Texas communities. BancorpSouth and its subsidiaries also provide investment brokerage services, consumer lending, credit life insurance sales and sales of other insurance products.

At September 30, 2001, BancorpSouth had total assets of approximately \$9.4 billion, total deposits of approximately \$7.8 billion, total loans (net of unearned income) of approximately \$6.1 billion and common shareholders' equity of approximately \$800 million.

On November 15, 2001, BancorpSouth, Inc. and Pinnacle Bancshares, Inc. announced the signing of a definitive agreement for the merger of their respective companies. The transaction is expected to be completed by the end of the first quarter of 2002. Pinnacle Bancshares had total assets of approximately \$128 million as of September 30, 2001.

**About BancorpSouth Capital Trust I**

We are BancorpSouth Capital Trust I, a business trust organized under Delaware law by its trustees. We were established solely for the following purposes:

to issue to the public the preferred securities, which represent undivided beneficial ownership interests in our assets;

to issue common securities to BancorpSouth;

to use the proceeds from the issuance of the preferred securities and common securities to purchase BancorpSouth's junior subordinated debt securities; and

to engage in other activities that are directly related to the activities described above, such as registering the transfer of the preferred securities.

Because we were established only for the purposes listed above, the junior subordinated debt securities will be our sole assets. Payments on the junior subordinated debt securities will be our sole source of income. We will issue only one series of preferred securities.

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**The Offering**

<p><b>Title</b></p> <p><b>Securities Offered</b> \$125,000,000 of preferred securities in denominations of \$25 each. Each preferred security will represent an undivided beneficial ownership interest in our assets. Each preferred security will entitle its holder to receive quarterly cash distributions as described below.</p> <p><b>BancorpSouth Capital Trust I</b> We are a statutory Delaware business trust formed by BancorpSouth for the sole purpose of issuing the preferred securities to the public and the common securities to BancorpSouth and purchasing BancorpSouth's 8.15% junior subordinated debt securities due January 28, 2032, and engaging in the other transactions described below. We have four trustees. The two administrative trustees are affiliated with BancorpSouth. The Bank of New York will act as the property trustee and The Bank of New York (Delaware) will act as the Delaware trustee. We will hold the junior subordinated debt securities that we receive from BancorpSouth in exchange for the proceeds from the issuance of preferred securities and common securities. We will sell the preferred securities to the public and BancorpSouth will retain the common securities that it receives from us. BancorpSouth will pay interest on the junior subordinated debt securities at the same rate and at the same times as we make payments on the preferred securities. We will use the payments we receive on the junior subordinated debt securities to make the corresponding payments on the preferred securities. BancorpSouth will guarantee payments made on the preferred securities to the extent described below. Both the junior subordinated debt securities and the guarantee will be subordinated to the holders of BancorpSouth's existing and future senior debt.</p> <p><b>Distributions</b> If you purchase the preferred securities, as an undivided beneficial owner of the junior subordinated debt securities, you will be entitled to receive cumulative cash distributions at an annual rate of 8.15%. Interest on the junior subordinated debt securities will accrue, and as a result distributions on the preferred securities will accumulate, from the date of issuance, and will be paid quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, beginning March 31, 2002, unless they are deferred as</p>	<p>BancorpSouth Capital Trust I 8.15% Trust Preferred Securities.</p>
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described below.**Distribution Deferral**

BancorpSouth can, on one or more occasions, defer the quarterly interest payments on the junior subordinated debt securities for up to 20 consecutive quarterly periods. In other words, BancorpSouth may declare at its discretion up to a five-year interest payment moratorium on the junior subordinated debt securities and may choose to do that on more than one occasion. A deferral of interest payments cannot extend, however, beyond the maturity date of the junior subordinated debt securities, nor can BancorpSouth begin a new interest deferral period until it has paid all accrued interest on the junior subordinated debt securities from the previous interest deferral period. If BancorpSouth defers interest payments on the junior subordinated debt securities, we will also defer distributions on the preferred securities. Any deferred interest on the junior subordinated debt securities will accrue additional interest at an annual rate of 8.15%, and, as a result, any deferred distributions will accumulate additional amounts at an annual rate of 8.15%.

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compounded quarterly. Once BancorpSouth pays all deferred interest payments on the junior subordinated debt securities, with accrued interest, BancorpSouth can again defer interest payments on the junior subordinated debt securities as described above, but not beyond the maturity date of the junior subordinated debt securities. If BancorpSouth defers payments of interest on the junior subordinated debt securities, the junior subordinated debt securities will be treated at that time as being issued with original issue discount for United States federal income tax purposes. This means you would be required to accrue interest income in an amount equal to the deferred distributions on your preferred securities even though you will not be receiving any cash distributions on your preferred securities. These amounts will be included in your gross income for United States federal income tax purposes. For more information, see below under the caption

Certain United States Federal Income Tax Consequences in this prospectus supplement. **Redemption** We will redeem all of the outstanding preferred securities when the junior subordinated debt securities are repaid at maturity. The junior subordinated debt securities are scheduled to mature on January 28, 2032. In addition, if BancorpSouth redeems any junior subordinated debt securities before their maturity, we will use the cash we receive on the redemption of the junior subordinated debt securities to redeem, on a proportionate basis, the preferred securities and the common securities. BancorpSouth can redeem the junior subordinated debt securities before their maturity at 100% of their principal amount plus accrued and unpaid interest in whole or in part on one or more occasions any time on and after January 28, 2007, or in whole at any time if certain changes occur in tax or investment company laws and regulations or in the treatment of the preferred securities for bank regulatory purposes. These circumstances are more fully described below under the caption Description of the Preferred Securities Mandatory Redemption in this prospectus supplement. BancorpSouth will not redeem the junior subordinated debt securities unless it obtains the prior approval of the Board of Governors of the Federal Reserve System to do so, if then required. **Ranking** The preferred securities generally will rank on parity, and payments

thereon will be made pro rata, with our common securities, except as described under Description of Trust Preferred Securities Subordination of Trust Common Securities in the accompanying prospectus. The junior subordinated debt securities will be BancorpSouth's unsecured obligations and will rank subordinate and junior in right of payment to all senior indebtedness. **The Guarantee** BancorpSouth will fully and unconditionally guarantee the payments of all amounts due on the preferred securities to the extent we have funds available for payment of such distributions. BancorpSouth is also obligated to pay most of our expenses and obligations (other than our obligations to make payments on the preferred securities and common securities, which are covered only by the guarantee). The guarantee does not cover payments when we do not have sufficient funds to make payments on the preferred securities. In other words, if BancorpSouth does not make a payment on the junior subordinated debt securities, we will not have sufficient funds to make payments on the preferred securities, and the guarantee will not obligate BancorpSouth to make those payments on our behalf. In addition, BancorpSouth's obligations

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under the guarantee are subordinate to its obligations to other creditors to the same extent as the junior subordinated debt securities. For more information, see

Description of Guarantees in the accompanying prospectus.**Liquidation**

**Preference** Upon any dissolution, winding-up or liquidation of the Trust, the holders of the preferred securities will be entitled to receive, out of assets held by us, subject to the rights of any of our creditors, the liquidation distribution in cash. We will be able to make this distribution of cash only if BancorpSouth redeems the junior subordinated debt securities. If

BancorpSouth does not redeem the junior subordinated debt securities, upon liquidation of the Trust holders of the preferred securities will be entitled to receive junior subordinated debt

securities.**Dissolution of BancorpSouth Capital Trust I and Distributions of the Junior Subordinated Debt Securities**

BancorpSouth can dissolve the Trust at any time, subject to obtaining any required prior approval of the Federal Reserve Board to do so, and distribute the junior subordinated debt securities to holders of the preferred securities and the common securities on a proportionate basis.**Use of Proceeds** The

net proceeds from the offering of the preferred securities are estimated to be \$121,062,500. BancorpSouth currently intends to use the proceeds from the sale of the preferred securities for general corporate purposes, which may include repurchase of shares of its outstanding common stock, investments at the holding company level, extensions of credit to its subsidiaries and possible acquisitions.**Listing** The preferred

securities have been approved for listing on the New York Stock Exchange. Trading is expected to commence within 30 days after the preferred securities are first issued. You should be aware that the listing of the preferred securities will not necessarily ensure that an active trading market will be available for the preferred securities or that you will be able to sell your preferred securities at the price you originally paid for them. If we distribute the junior

subordinated debt securities, BancorpSouth will use its best efforts to list them on the New York Stock Exchange or wherever the preferred securities are then listed.**Form of**

**the Preferred Securities** The preferred securities will be represented by one or more global securities that will be deposited with and registered in the name of The

Depository Trust Company, New York, New York. This means that you will not receive a certificate for your preferred securities and the preferred securities will not be registered in your name. For more details, see the information under the caption "Book-Entry Issuance" in the accompanying prospectus.

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**SUMMARY CONSOLIDATED FINANCIAL DATA OF  
BANCORPSOUTH, INC.**

On behalf of BancorpSouth, we provide below summary consolidated financial data of BancorpSouth as of and for the periods specified. You should read the data below with the more detailed information, consolidated financial statements and the notes to the consolidated financial statements that we refer you to in the accompanying prospectus under the caption "Where You Can Find More Information."

Nine Months Ended September 30, <sup>(1)</sup>		Years Ended December 31,		
2001	2000	2000	1999	1998

(in thousands, except per share data)

**Earnings Summary:**

Interest revenue	\$508,799	\$495,640	\$674,035	\$596,670	\$574,414
Interest expense	261,839	251,287	346,883	280,150	277,104

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Net interest revenue	246,960	244,353	327,152	316,520	297,310
Provision for credit losses	15,718	20,669	26,166	17,812	19,310
Other revenue	86,674	75,526	85,578	100,321	85,418
Other expense	219,363	204,561	274,227	251,882	232,928

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Income before income tax and accounting change	98,553	94,649	112,337	147,147	130,490
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Applicable income taxes

31,405 32,528 37,941 44,736 42,249

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Net income

\$67,148 \$62,121 \$74,396 \$102,411 \$88,241

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**Earnings per share:**

Basic

\$0.81 \$0.73 \$0.88 \$1.20 \$1.04

Diluted

0.80 0.73 0.88 1.19 1.03

**Period-ended balances:**

Total loans, net of unearned income

\$6,061,146 \$5,922,564 \$6,095,315 \$5,541,961 \$4,935,668

Total assets

9,388,462 9,301,602 9,044,034 8,441,697 7,899,655

Total deposits

7,810,741 7,388,072 7,480,920 7,066,645 6,720,906

Total stockholders' equity

796,441 766,827 789,576 757,111 723,162

(1) Unaudited.

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**RISK FACTORS**

Your investment in the preferred securities will involve certain risks. You should carefully consider the following discussion as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in the preferred securities.

**BancorpSouth's Obligations under the Junior Subordinated Debt Securities and the Guarantee Are Subordinated to its Senior Debt.**

BancorpSouth's obligations under the junior subordinated debt securities are unsecured and will rank junior to BancorpSouth's senior indebtedness. This means that BancorpSouth may not make any payments of principal, including redemption payments, or interest on the junior subordinated debt securities if it defaults on a payment of its senior indebtedness. As a result, in the event of the bankruptcy, liquidation or dissolution of BancorpSouth, BancorpSouth's assets will be used to repay BancorpSouth's senior indebtedness in full before any payments may be made on the junior subordinated debt securities or the guarantee. BancorpSouth's obligations under the guarantee are unsecured and will rank junior to all of BancorpSouth's senior indebtedness in the same manner as the junior subordinated debt securities. Further, the junior subordinated debt securities and the guarantee also will effectively rank junior to the debt and other liabilities of BancorpSouth's subsidiaries, including deposit liabilities. See "Capitalization" and "Use of Proceeds" in this prospectus supplement.

Neither the preferred securities, the junior subordinated debt securities nor the guarantees limit the ability of BancorpSouth and its subsidiaries to incur additional debt, including debt that ranks senior to the junior subordinated debt securities and the guarantee. See "Description of the Junior Subordinated Debt Securities" "Subordination" in this prospectus supplement.

**BancorpSouth is a Holding Company, which May Limit its Ability to Make Payments under the Junior Subordinated Debt Securities and the Guarantee.**

BancorpSouth is a holding company that conducts substantially all of its operations through its principal subsidiary bank, BancorpSouth Bank, and other subsidiaries. As a result, BancorpSouth's ability to make payments on the junior subordinated debt securities and the guarantee will depend primarily upon the receipt of dividends and other distributions from its subsidiaries. There are various regulatory restrictions on the ability of the principal subsidiary bank to pay dividends or make other payments to BancorpSouth. See "Certain Regulatory Considerations" beginning on page 8 of the accompanying prospectus.

In addition, BancorpSouth's right to participate in any distribution of assets of any of its subsidiaries upon the subsidiary's liquidation or otherwise, and thus your ability as a holder of the preferred securities to benefit indirectly from such distribution, will be subject to the prior claims of creditors of that subsidiary, except to the extent that BancorpSouth is a creditor of such subsidiary with recognized claims. Consequently, as a holder of the preferred securities, you should look only to BancorpSouth's assets for payments on the preferred securities.

**BancorpSouth's Guarantee of the Preferred Securities Covers Payments Only if the Trust Has Cash Available to Make the Payments but Otherwise Fails to Do So.**

Our ability to make payments on the preferred securities depends solely upon BancorpSouth making the related payments on the junior subordinated debt securities when due. If BancorpSouth defaults on its obligation to make payments on the junior subordinated debt securities, we will not have sufficient funds to make payments on the preferred securities. In those circumstances, you may not rely upon the guarantee for payment of these amounts because the guarantee covers payment only when we have sufficient funds on hand but fail to make such payment.

Instead, you may:

- seek legal redress against BancorpSouth directly or seek other remedies to collect your pro rata share of payments owed; or
- rely on the property trustee to enforce your rights under the junior subordinated debt securities.

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See Description of the Junior Subordinated Debt Securities in this prospectus supplement.

**We Can Defer Distributions on the Preferred Securities and, as a Result, (1) You May Have to Include Interest in Your Taxable Income before You Receive Cash and (2) the Trading Price of the Preferred Securities May Be Adversely Affected.**

So long as BancorpSouth is not in default under the junior subordinated debt securities, BancorpSouth may defer interest payments on the junior subordinated debt securities for up to 20 consecutive quarterly periods, but not beyond the maturity date of the junior subordinated debt securities. Because interest payments on the junior subordinated debt securities fund the distributions on the preferred securities, each such deferral would result in a corresponding deferral of distributions on the preferred securities. See Description of the Junior Subordinated Debt Securities Option to Extend Interest Payment Date in this prospectus supplement.

If distributions on the preferred securities are deferred, you must accrue and recognize interest income for United States federal income tax purposes (in the form of original issue discount) in respect of your proportionate share of the junior subordinated debt securities held by us before receiving any cash distributions relating to the accrued but unpaid interest. In addition, you will not receive this cash if you sold your preferred securities before the end of any deferral period or before the relevant record date. **YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE PREFERRED SECURITIES.**

BancorpSouth currently does not intend to defer interest payments on the junior subordinated debt securities. If, however, BancorpSouth does so in the future, the preferred securities may trade at a price that does not reflect fully the value of the accrued but unpaid distributions. If you sell your preferred securities during an interest deferral period, you may not receive the same return on your investment that you would have received if you continued to hold those securities. Even if BancorpSouth does not defer interest payments on the junior subordinated debt securities, BancorpSouth's right to do so could mean that the market price for the preferred securities may be more volatile than that of other securities without interest deferral rights.

For more information regarding the tax consequences of purchasing, holding and selling the preferred securities, see Certain United States Federal Income Tax Consequences U.S. Holders Interest Income and Original Issue Discount in this prospectus supplement.

**You Should Not Rely on the Distributions from the Preferred Securities through Their Maturity Date They May be Redeemed at Any Time if Certain Changes in Tax, Investment Company or Bank Regulatory Law Occur.**

If certain changes, which are more fully described below, in tax, investment company or bank regulatory law or interpretations occur and other conditions more fully described below are satisfied, we may redeem the preferred securities within 90 days of the event at a redemption price equal to \$25 per security plus any accrued and unpaid distributions. See Description of the Preferred Securities Mandatory Redemption in this prospectus supplement.

**You Should Not Rely on the Distributions from the Preferred Securities through Their Maturity Date They May Be Redeemed at the Option of BancorpSouth.**

The preferred securities may be redeemed, in whole or in part, from time to time, on or after January 28, 2007, at a redemption price equal to \$25 per preferred security plus any accrued and unpaid distributions to the redemption date. You should assume that this redemption option will be exercised if BancorpSouth is able to finance at a lower interest rate or it is otherwise in the interest of BancorpSouth to redeem the junior subordinated debt securities. If the junior subordinated debt securities are redeemed, we must redeem the preferred securities and the common securities having an aggregate liquidation amount equal to the aggregate principal amount of junior subordinated debt securities to be redeemed. BancorpSouth will not redeem the junior subordinated debt securities unless it obtains the prior approval of the Board of Governors of the Federal Reserve System to do so, if then required. See Description of Preferred Securities Mandatory Redemption and Description of the Junior Subordinated Debt Securities Redemption in this prospectus supplement.

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### **Distribution of Junior Subordinated Debt Securities May Have Possible Adverse Tax Consequences and a Negative Effect on Trading Price.**

BancorpSouth has the right to dissolve the Trust at any time, subject to approval by the Board of Governors of the Federal Reserve System if required. If BancorpSouth does dissolve the Trust, the Trust will be liquidated by distribution of the junior subordinated debt securities to holders of the preferred securities and the common securities.

Under current United States federal income tax laws, a distribution of junior subordinated debt securities to you on our dissolution would not be a taxable event to you. Nevertheless, if we are classified for United States federal income tax purposes as an association taxable as a corporation at the time we are dissolved, the distribution of junior subordinated debt securities to you would be a taxable event. In addition, if there is a change in law, a distribution of junior subordinated debt securities to you on our dissolution could also be a taxable event. See **Certain United States Federal Income Tax Consequences – U.S. Holders – Receipt of Junior Subordinated Debt Securities or Cash Upon Liquidation of the Trust** in this prospectus supplement.

BancorpSouth has no current intention of dissolving the Trust. However, there are no restrictions on its ability to do so at any time. BancorpSouth anticipates that it would consider exercising this right if expenses associated with maintaining the Trust were substantially greater than currently expected, such as if a tax event, investment company event or capital treatment event occurred. BancorpSouth cannot predict the other circumstances under which this right would be exercised.

BancorpSouth cannot predict the market prices for the junior subordinated debt securities that may be distributed. Accordingly, the junior subordinated debt securities that you receive on a distribution, or the preferred securities you hold pending such a distribution, may trade at a discount to the price that you paid to purchase the preferred securities.

Because you may receive junior subordinated debt securities, you should carefully consider all the information regarding the junior subordinated debt securities contained in this prospectus supplement and the accompanying prospectus before deciding to invest in the preferred securities.

### **Because You Have Limited Voting Rights, You Cannot Prevent the Property Trustee from Taking Actions with Which You May Not Agree.**

Except for limited instances where you may vote to modify the guarantee, you will not have voting rights. Only BancorpSouth, as the holder of the common securities, may elect or remove any of the trustees. See **The BXS Trusts – beginning on page 6 of the accompanying prospectus and Description of the Preferred Securities – Voting Rights** in this prospectus supplement.

### **An Active Trading Market for the Preferred Securities May Not Develop.**

Although the preferred securities have been approved for listing on the New York Stock Exchange, you should be aware that an active trading market may not develop. In addition, the preferred securities may trade at prices below the price you pay for preferred securities in this offering.

### **Federal Banking Authorities May Restrict the Ability of the Trust to Make Distributions on or Redeem the Preferred Securities.**

Federal banking authorities will have the right to examine our activities because we are a subsidiary of BancorpSouth. Under certain circumstances, including any determination that our relationship with BancorpSouth would result in an unsafe and unsound banking practice, these banking authorities have the authority to issue orders which could restrict our ability to make distributions on or to redeem the preferred securities.

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**There May Be No Trading Market for the Junior Subordinated Debt Securities if We Distribute Them to You.**

Although BancorpSouth will use its best efforts to list the junior subordinated debt securities, if they are distributed, on the New York Stock Exchange, or any other exchange on which the preferred securities are then listed, BancorpSouth cannot assure you that the junior subordinated debt securities will be approved for listing or that a trading market will exist for those securities.

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement contains forward-looking statements within the meaning of the federal securities laws. We may also make forward-looking statements in reports filed with the SEC that we incorporate by reference into this prospectus supplement and the accompanying prospectus. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words believes, expects, anticipates, plans, estimates or similar expressions. These statements are based on beliefs and assumptions of BancorpSouth's management and on information currently available to BancorpSouth's management.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

competitive pressures among depository and other financial institutions may increase significantly;

changes in the interest rate environment may reduce margins;

general economic or business conditions may lead to a deterioration in credit quality or a reduced demand for credit;

legislative or regulatory changes, including changes in accounting standards, may adversely affect the business in which BancorpSouth is engaged;

changes in the securities markets; and

BancorpSouth's competitors may have greater financial resources and develop products that enable them to compete more successfully than it does.

We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

**BANCORPSOUTH, INC.**

BancorpSouth is a bank holding company and Mississippi corporation operating 246 banking and mortgage locations and 233 ATMs in Arkansas, Alabama, Louisiana, Mississippi, Tennessee and Texas. Its principal subsidiary is BancorpSouth Bank, a Mississippi banking corporation. BancorpSouth's principal office is located at One Mississippi Plaza, Tupelo, Mississippi 38804, and its telephone number is (662) 680-2000.

At September 30, 2001, BancorpSouth had total assets of approximately \$9.4 billion, total deposits of approximately \$7.8 billion, total loans (net of unearned income) of approximately \$6.1 billion and common shareholders' equity of approximately \$800 million.

BancorpSouth Bank has its principal office in Tupelo, Lee County, Mississippi, and conducts a general commercial banking and trust business through offices in over 100 municipalities or communities in Mississippi, Tennessee, Alabama, Arkansas, Texas and Louisiana. The Bank has grown through the acquisition of other banks, the purchase of assets from federal regulators and through the opening of new branches and offices.

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The Bank and its subsidiaries provide a range of financial services to individuals and small-to-medium size businesses. The Bank operates investment services, consumer finance, credit life insurance and insurance agency subsidiaries which engage in investment brokerage services, consumer lending, credit life insurance sales and sales of other insurance products. The Bank's trust department offers a variety of services including personal trust and estate services, certain employee benefit accounts and plans, including IRAs, and limited corporate trust functions.

On November 15, 2001, BancorpSouth, Inc. and Pinnacle Bancshares, Inc. announced the signing of a definitive agreement for the merger of their respective companies. The transaction is expected to be completed by the end of the first quarter of 2002. Approval of banking regulators and Pinnacle Bancshares shareholders is required. Pinnacle Bancshares is an Arkansas business corporation that owns all of the stock of the \$128 million asset Pinnacle Bank. The bank operates two full-service banking locations in the Little Rock market.

As previously disclosed, in some states in which we operate, there has been a trend toward increased class action lawsuits and other litigation against financial services companies in connection with lending and other financial transactions. This trend is especially true with respect to Mississippi. These actions tend to seek substantial damages for transactions that involve relatively small amounts of money. Some of these actions have resulted in large settlements or substantial damage awards. Some of our subsidiaries are defendants in similar lawsuits in which the plaintiffs are seeking substantial damages. The number of these lawsuits increased during 2001. Similarly, the number of plaintiffs participating in these lawsuits has increased significantly. Management has no reason to believe that these trends will not continue. It is not possible to determine with any certainty at this point in time the potential exposure related to damages in connection with these suits. Future legislation and court decisions in some states may limit the amount of damages that can be recovered in legal proceedings; however, we cannot predict at this time whether such legislation and court decisions will occur or the effect they may have on cases involving our subsidiaries.

**ACCOUNTING TREATMENT**

We will be treated as a subsidiary of BancorpSouth for financial reporting purposes and our accounts will be included in BancorpSouth's consolidated financial statements. The preferred securities will be shown as Guaranteed preferred beneficial interests in junior subordinated debt securities on the balance sheets of BancorpSouth, and the footnotes to BancorpSouth's consolidated financial statements will contain a statement that the Trust is wholly owned by BancorpSouth and that the sole asset of the Trust is the junior subordinated debt securities, indicating the principal amount, interest rate and maturity date of the junior subordinated debt securities.

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**SELECTED FINANCIAL DATA**

The following selected consolidated financial data as of and for the years ended December 31, 1996 through 2000 are derived from BancorpSouth's consolidated financial statements for those years, which have been audited by KPMG LLP. The selected financial data for the nine months ended September 30, 2000 and 2001 have been derived from BancorpSouth's unaudited financial statements and, in BancorpSouth's opinion, reflect all adjustments (consisting of normal accruals) necessary to present fairly the data for those periods. BancorpSouth's results of operations for the nine months ended September 30, 2001 may not be indicative of results that may be expected for the full year. You should read the table below in conjunction with Management's Discussion and Analysis of the Financial Condition and Results of Operations and BancorpSouth's consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement.

	As of and for the nine months ended September 30, <sup>(1)</sup>		As of and for the years ended December 31,				
	2001	2000	2000	1999	1998	1997	1996
<b>(Dollars in thousands, except per share data)</b>							
<b>Earnings summary:</b>							
Interest revenue	\$508,799	\$495,640	\$674,035	\$596,670	\$574,414	\$523,770	\$476,862
Interest expense	261,839						