

BANCORPSOUTH INC
Form 424B2
January 16, 2007

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Filed pursuant to Rule 424(b)(2)
under the Securities Act of 1933
Registration No. 333-139584

PROXY STATEMENT/PROSPECTUS**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

The boards of directors of BancorpSouth, Inc. and City Bancorp have approved a merger agreement to merge our two companies. If City Bancorp shareholders vote to approve the merger agreement and the merger is completed, City Bancorp will merge with and into BancorpSouth, and City Bancorp shareholders, other than City Bancorp shareholders who properly exercise their rights to dissent from the merger, will have the opportunity to elect to receive in exchange for each share of City Bancorp common stock they own (i) a cash payment of \$34.08 or (ii) between 1.2198 and 1.4908 shares of BancorpSouth common stock, depending on the average closing price of BancorpSouth common stock reported on the New York Stock Exchange for the 10 trading days ending on the date on which the last consent of applicable federal and state regulatory authorities is received. Holders of more than one share of City Bancorp common stock may elect a combination of cash and shares of BancorpSouth common stock. In the merger, the overall percentage of shares of City Bancorp common stock that will be exchangeable into the right to receive shares of BancorpSouth common stock is fixed at 50%. This will result in the issuance of up to 3,644,203 shares of BancorpSouth common stock for outstanding shares of City Bancorp common stock. As a result of the 50% limitation for stock consideration, regardless of your election, you may receive a combination of cash and shares of BancorpSouth common stock that is different than what you may have elected, depending on the elections made by other City Bancorp shareholders. Approximately \$3 million of the merger consideration, half in cash and half in shares of BancorpSouth common stock, will be deposited into an escrow account at the effective time of the merger.

The number of shares of BancorpSouth common stock that City Bancorp shareholders may receive in the merger is not fixed. The dollar value of the stock consideration that City Bancorp shareholders may receive will also change depending on fluctuations in the market price of BancorpSouth common stock and might not be known at the time City Bancorp's shareholders vote on the merger agreement. The following table shows the average closing price of BancorpSouth common stock reported on the New York Stock Exchange for the 10 trading days ending on October 30, 2006, the last full trading day before we announced the merger, and before January 11, 2007, the last practicable trading day before the distribution of this Proxy Statement/Prospectus. This table also shows the implied value of the stock consideration proposed for each share of City Bancorp common stock, which we calculated by multiplying the appropriate 10-day average closing price of BancorpSouth common stock for those dates by the corresponding exchange ratio. You should obtain current market quotations for BancorpSouth common stock from a newspaper, the Internet or your broker. BancorpSouth common stock is listed on the New York Stock Exchange under the symbol BXS.

	10-Day Average Closing Price of BancorpSouth Common Stock	Exchange Ratio	Implied Value per Share of City Bancorp Common Stock
At October 30, 2006	\$ 26.24	1.2988	\$ 34.08
At January 11, 2007	\$ 26.93	1.2655	\$ 34.08

This Proxy Statement/Prospectus provides you with detailed information about the proposed merger between BancorpSouth and City Bancorp. This document also contains information about BancorpSouth and City Bancorp. We encourage you to carefully read and consider this Proxy Statement/Prospectus in its entirety. You can obtain additional information about BancorpSouth from documents that it has filed with the Securities and Exchange Commission. For information on how to obtain copies of these documents, you should refer to the section of this document entitled WHERE YOU CAN FIND MORE INFORMATION, which begins on page 91.

You should carefully consider the risk factors described beginning on page 9 of this Proxy Statement/Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares of BancorpSouth common stock to be issued under this Proxy Statement/Prospectus or determined if this Proxy Statement/Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Shares of BancorpSouth common stock are not savings or deposit accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this Proxy Statement/Prospectus is January 16, 2007,
and it is first being mailed to the shareholders of City Bancorp on or about
January 16, 2007.

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 14, 2007**

TO THE SHAREHOLDERS OF CITY BANCORP:

This serves as notice to you that a special meeting of shareholders of City Bancorp will be held on February 14, 2007 at 10:00 a.m., Central Time, at 3345 South Campbell Avenue, Springfield, Missouri 65807, for the purpose of considering and voting upon the approval of the Agreement and Plan of Merger, dated as of October 31, 2006, between City Bancorp and BancorpSouth, Inc., which provides for the merger of City Bancorp with and into BancorpSouth as more fully described in the attached Proxy Statement/Prospectus.

Only holders of record of shares of City Bancorp common stock at the close of business on January 16, 2007 are entitled to notice of and to vote at the special meeting or any adjournments or postponements of the special meeting. Each share of City Bancorp common stock is entitled to one vote. Approval of the merger agreement requires approval by two-thirds of all the votes entitled to be cast by shareholders of City Bancorp.

The Board of Directors of City Bancorp has unanimously approved the merger agreement and recommends that City Bancorp shareholders vote FOR approval of the merger agreement.

City Bancorp shareholders, other than City Bancorp shareholders who properly exercise their rights to dissent from the merger, will have the opportunity to elect to receive in exchange for each share of City Bancorp common stock they own (i) a cash payment of \$34.08 or (ii) between 1.2198 and 1.4908 shares of BancorpSouth common stock as described in the Proxy Statement/Prospectus accompanying this notice. Holders of more than one share of City Bancorp common stock may elect a combination of stock and cash consideration. Cash will be paid in lieu of any remaining fractional share interest. Approximately \$3 million of the merger consideration, half in cash and half in shares of BancorpSouth common stock, will be deposited into escrow with Enterprise Bank & Trust Company at the effective time of the merger.

Notice of Right to Dissent. Dissenting shareholders who comply with the procedural requirements of the General and Business Corporation Law of Missouri will be entitled to receive payment of the fair cash value of their shares, if the merger agreement is approved and the merger is completed. The text of Section 351.455 of the General and Business Corporation Law of Missouri containing the procedural requirements to exercise dissenters' rights is attached as Annex B to the accompanying Proxy Statement/Prospectus. In addition, please see the section entitled **THE MERGER Shareholders Dissenters' Rights** in the accompanying Proxy Statement/Prospectus for a discussion of the procedures to be followed in asserting these dissenters' rights.

Please mark, sign, date and return the enclosed proxy card promptly, whether or not you plan to attend the special meeting. All City Bancorp shareholders are invited to attend the special meeting. To ensure your representation at the special meeting, please complete and promptly mail the enclosed proxy card in the enclosed white postage paid business reply envelope to City Bancorp. This will not prevent you from voting in person, but will help to secure a quorum and avoid added solicitation costs. If you do not vote your proxy, the effect will be the same as a vote against the merger agreement. You may revoke your proxy at any time before it is voted by: (i) sending a written notice to the chief executive officer of City Bancorp in time to be received before the special meeting stating that you would like to revoke your proxy; (ii) completing, signing and dating another proxy and returning it by mail to the chief executive officer of City Bancorp in time to be received before the special meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or (iii) attending the special meeting and voting in person (attendance at the special meeting by itself will not revoke a previously granted proxy).

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Please also fill out the enclosed election form and letter of transmittal according to their instructions and promptly mail, in the enclosed brown postage paid business reply envelope, the election form and the letter of transmittal, along with all of your City Bancorp stock certificates. The election form is the document provided to you to select the amount of stock and/or cash consideration you wish to receive in connection with the proposed merger and to be effective, must be received by Computershare Trust Company, N.A. no later than February 28, 2007 (10 business days after the date of the special meeting). Please review the Proxy Statement/Prospectus accompanying this notice for more complete information regarding the proposed merger and the special meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Chairman and Chief Executive Officer

Springfield, Missouri
January 16, 2007

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ADDITIONAL INFORMATION

This Proxy Statement/Prospectus incorporates important business and financial information about BancorpSouth from documents that are not included in or delivered with this Proxy Statement/Prospectus. See **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 91. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this Proxy Statement/Prospectus by requesting them in writing or by telephone from BancorpSouth as follows:

BancorpSouth, Inc.
One Mississippi Plaza
201 South Spring Street
Tupelo, Mississippi 38804
(662) 680-2000

Attention: Cathy S. Freeman, Corporate Secretary

In order to receive timely delivery of requested documents in advance of City Bancorp's special meeting of shareholders, your request should be received no later than February 9, 2007.

You also may obtain these documents at the Securities and Exchange Commission's Internet world wide web site, <http://www.sec.gov>, and at BancorpSouth's Internet world wide website, <http://www.bancorpsouthonline.com>, by selecting Investor Relations and then selecting SEC Filings. We have included the web site addresses of the Securities and Exchange Commission and BancorpSouth as inactive textual references only. Except as specifically incorporated by reference into this Proxy Statement/Prospectus, information on those web sites is not part of this Proxy Statement/Prospectus.

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**QUESTIONS AND ANSWERS
ABOUT THE MERGER**

Q: What is the proposed transaction?

A: A merger in which City Bancorp will merge with and into BancorpSouth. City Bancorp's subsidiary bank, The Signature Bank, will become a wholly-owned subsidiary of BancorpSouth. After the merger, City Bancorp will cease to exist as a separate corporate entity. You will no longer own shares of City Bancorp common stock and will receive either cash or shares of BancorpSouth common stock, or a combination of both, as your merger consideration.

Q: What do I need to do now?

A: After you carefully read this Proxy Statement/Prospectus, please vote your proxy promptly by indicating on the enclosed proxy card how you want to vote, and by signing and mailing the proxy card in the enclosed white postage paid business reply envelope as soon as possible so that your shares may be represented at the special meeting of shareholders. Also, please fill out your election form and letter of transmittal according to their instructions and mail the election form and the letter of transmittal, along with all of your City Bancorp stock certificates, in the enclosed brown envelope to Computershare Trust Company, N.A. within 10 business days immediately following the special meeting of City Bancorp shareholders so that we may know the amount of each type of consideration you wish to receive. Election forms received after February 28, 2007 will be disregarded and the merger consideration you receive will be determined as set forth in the merger agreement.

Regardless of whether you plan to attend the special meeting in person, we encourage you to vote your proxy promptly. This will help to ensure that a quorum is present at the special meeting and will help reduce the costs associated with the solicitation of proxies.

The board of directors of City Bancorp unanimously recommends that shareholders vote **FOR** approval of the merger agreement.

Q: Why is my vote important?

A: Under the General and Business Corporation Law of Missouri, the merger agreement must be approved by two-thirds of all the votes entitled to be cast by shareholders of City Bancorp. Accordingly, if you abstain, it will have the same effect as a vote against approval of the merger agreement.

Q: Can I change my vote after I have delivered my proxy card?

A: Yes, you can change your vote at any time before your proxy is voted at the special meeting of shareholders. You can do this in any of the following three ways:

by sending a written notice to the chief executive officer of City Bancorp in time to be received before the special meeting stating that you would like to revoke your proxy;

by completing, signing and dating another proxy and returning it by mail to the chief executive officer of City Bancorp in time to be received before the special meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, by attending the special meeting and voting in person (attendance at the special meeting by itself will not revoke a previously granted proxy).

If your shares are held in an account at a broker or financial institution, you should contact your broker or financial institution to change your vote.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: No, unless you instruct your broker to vote your shares, following the directions your broker provides. Your broker will generally not have the discretion to vote your shares without your instructions.

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Q: Will I be able to sell the shares of BancorpSouth common stock I receive in the merger?

A: Yes. The BancorpSouth common stock issued pursuant to the merger will be registered under the Securities Act of 1933 and will be listed on the New York Stock Exchange under the symbol BXS. All shares of BancorpSouth common stock that you receive in the merger will be freely transferable unless you are deemed an affiliate of City Bancorp at the time of the City Bancorp special meeting. Persons who are considered affiliates of City Bancorp (generally directors, officers and holders of 10% or more of City Bancorp common stock) must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any of the shares of BancorpSouth common stock they receive in the merger.

Q: What will I receive in connection with the merger?

A: You may elect to receive shares of BancorpSouth common stock, cash or a combination of shares of BancorpSouth common stock and cash by indicating your preference on the enclosed election form. The Proxy Statement/Prospectus explains in more detail what amount of cash and/or BancorpSouth common stock each shareholder of City Bancorp is entitled to receive. The overall percentage of shares of City Bancorp common stock that will be exchangeable for the right to receive shares of BancorpSouth common stock is fixed at 50%. In the event that holders of more or less than 50% of the outstanding shares of City Bancorp common stock elect to receive common stock consideration, the amount of BancorpSouth common stock that you will have the right to receive upon exchange of your shares of City Bancorp common stock will be adjusted so that, in the aggregate, 50% of the shares of City Bancorp common stock will be exchanged for the right to receive shares of BancorpSouth common stock and the remaining shares of City Bancorp common stock will be exchanged for the right to receive cash. As a result, you may receive a different combination of consideration than you elected, based on the choices made by other City Bancorp shareholders.

Q: What are the U.S. federal income tax consequences of the merger to the shareholders?

A: If you exchange your shares of City Bancorp common stock solely for BancorpSouth common stock, you should not recognize any gain or loss (except with respect to the cash you receive for any fractional share) for U.S. federal income tax purposes. If you exchange your shares of City Bancorp common stock solely for cash, you should recognize gain or loss on the exchange. If you exchange your shares of City Bancorp common stock for a combination of BancorpSouth common stock and cash, you should recognize gain, but not loss, on the exchange to the extent of the lesser of cash received or gain realized in the exchange. If you have an option to purchase shares of City Bancorp common stock, you should not recognize gain or loss for U.S. federal income tax purposes because of the merger. Rather, the tax treatment of such options will remain the same as prior to the merger. For more information regarding tax consequences, see the section entitled THE MERGER Material United States Federal Income Tax Consequences in this Proxy Statement/Prospectus. This tax treatment may not apply to all City Bancorp shareholders. You should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you.

Q: What is the purpose of this Proxy Statement/Prospectus?

A: This document serves as City Bancorp's proxy statement and as BancorpSouth's prospectus. As a proxy statement, this document is being provided to City Bancorp shareholders because City Bancorp's board of directors is soliciting proxies to vote to approve the merger agreement. As a prospectus, this document is being provided to City Bancorp shareholders by BancorpSouth because BancorpSouth is offering shares of BancorpSouth common stock in exchange for City Bancorp shareholders' shares of City Bancorp common stock if the merger is completed.

Q: Is there other information I should consider?

A: Yes. Much of the business and financial information about BancorpSouth that may be important to you is not included directly in this document. Instead, this information is incorporated into this document by reference to documents separately filed by BancorpSouth with the Securities and Exchange Commission. This means that BancorpSouth may satisfy its disclosure obligations by referring you to one or more documents separately filed by it with the Securities and Exchange Commission. See WHERE YOU CAN

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FIND MORE INFORMATION beginning on page 91 for a list of documents that BancorpSouth has incorporated by reference into this Proxy Statement/Prospectus and for instructions on how to obtain copies of these documents. These documents are available to you without charge.

Q: What if I choose not to read the documents incorporated by reference?

A: Information that is incorporated from another document is considered to have been disclosed to you whether or not you choose to read the document. Information contained in a document that is incorporated into this Proxy Statement/Prospectus by reference is part of this Proxy Statement/Prospectus, unless it is superseded by information contained directly in this Proxy Statement/Prospectus or in documents filed by BancorpSouth with the Securities and Exchange Commission after the date of this Proxy Statement/Prospectus.

Q: Why have I been sent an election form?

A: If the merger agreement is approved and the merger is completed, unless you properly exercise your right to dissent from the merger, each share of City Bancorp common stock held by you will be converted into (i) a cash payment of \$34.08 or (ii) between 1.2198 and 1.4908 shares of BancorpSouth common stock, depending on the average closing price of BancorpSouth common stock reported on the New York Stock Exchange for the 10 trading days ending on the date on which the last consent of the applicable federal and state regulatory authorities is received. Holders of more than one share of City Bancorp common stock may elect a combination of cash and shares of BancorpSouth common stock. Cash will be paid for any remaining fractional share interest. The election form is the document provided to you to select the amount of each type of consideration you wish to receive. As discussed above, however, because the percentage of shares of City Bancorp common stock that will be exchangeable for the right to receive shares of BancorpSouth common stock is fixed at 50%, you will not necessarily receive the merger consideration you elect.

Q: What happens if I do not send in my election form?

A: If you do not make an election, you will be deemed to have made an election to receive the merger consideration in such form of cash and/or shares of BancorpSouth common stock as provided for in the merger agreement.

Q: May I send in my City Bancorp stock certificates now?

A: Yes. After you carefully read this Proxy Statement/Prospectus, please choose which form(s) of consideration you would like to receive if the merger is consummated by indicating your choice on the enclosed election form, signing the enclosed letter of transmittal and mailing both, along with all stock certificates representing shares of City Bancorp common stock that you own, in the enclosed brown envelope to Computershare Trust Company, N.A., the exchange agent. To be properly completed, your election form together with the appropriate stock certificate(s) and letter of transmittal must be received by the transfer agent by February 28, 2007, 10 business days after the date of the special meeting.

Q: Whom do I contact if I have questions about the merger?

A: If you have more questions about the merger, including procedures for voting your shares, you should contact:

City Bancorp
4039 S. Kansas Expressway
Springfield, Missouri 65807
Attention: David A. Kunze, Chairman and Chief Executive Officer

Phone Number: (417) 889-2600

Q: What is the escrow fund?

A: Approximately \$3 million of the merger consideration, half in cash and half in shares of BancorpSouth common stock, will be deposited into escrow with Enterprise Bank & Trust Company at the effective time. This escrow fund will be used to pay judgments, settlements and related legal fees and costs relating to certain outstanding litigation against City Bancorp or any subsidiary of City Bancorp that is a party

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to this litigation. The funds shall be held in escrow until the final resolution of such litigation, whether by entry of a final unappealable judgment or by final settlement and release of all City Bancorp entities that are parties to such litigation, but in no event longer than seven years. Upon termination of the escrow arrangement, any cash or shares of BancorpSouth common stock remaining in the escrow fund will be disbursed to the former holders of City Bancorp common stock who did not exercise their right to dissent with respect to the merger.

Q: What are the U.S. federal income tax consequences of the escrow fund to holders of City Bancorp common stock as a result of the merger?

A: For U.S. federal income tax purposes, the non-dissenting City Bancorp shareholders generally should be treated as the owners of the escrowed shares of BancorpSouth common stock and, possibly, the escrowed cash. Amounts earned on the escrow fund, including dividends and interest, should be deemed received by the City Bancorp shareholders for U.S. federal income tax purposes, although such amounts will be retained by the escrow agent and become a part of the escrow fund for distribution. Generally, no gain or loss should be recognized by the City Bancorp shareholders upon the release of the escrowed cash or the escrowed shares of BancorpSouth common stock from the escrow fund to the City Bancorp shareholders. It is unclear whether the installment method of reporting is available to a City Bancorp shareholder for reporting gain attributable to the escrowed cash. If the installment method is applicable, the release of the escrowed cash to the City Bancorp shareholders should cause such City Bancorp shareholders to recognize gain and possibly imputed ordinary interest income with respect to a portion of the escrowed cash distributed. *The taxation of escrow arrangements is complex and uncertain. Each City Bancorp shareholder is urged to consult his or her tax advisor regarding the tax consequences of the escrow fund.*

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SUMMARY

This summary highlights selected information from this Proxy Statement/Prospectus. It does not contain all of the information that is important to you. You should carefully read this entire Proxy Statement/Prospectus and the documents to which it refers in order to understand fully the merger and to obtain a more complete description of the parties to the merger agreement and the legal terms of the merger. For information on how to obtain copies of documents referred to in this Proxy Statement/Prospectus, you should read the section entitled WHERE YOU CAN FIND MORE INFORMATION. Each item in this summary includes a page reference that directs you to a more complete description in this Proxy Statement/Prospectus of the topic discussed.

The Companies (Page 59)

BANCORPSOUTH, INC.
One Mississippi Plaza
Tupelo, Mississippi 38804
(662) 680-2000

BancorpSouth (NYSE: BXS) is incorporated in Mississippi and is a financial holding company under the Bank Holding Company Act of 1956. It is based in Tupelo, Mississippi and conducts its operations through its bank subsidiary, BancorpSouth Bank, and various banking-related subsidiaries. BancorpSouth Bank conducts commercial banking, trust, insurance and investment services businesses through 282 locations and 264 ATMs in Arkansas, Alabama, Florida, Louisiana, Mississippi, Tennessee and Texas. As of September 30, 2006, BancorpSouth had total assets of approximately \$11.9 billion, deposits of approximately \$9.5 billion and shareholders' equity of approximately \$1.0 billion.

CITY BANCORP
4039 S. Kansas Expressway
Springfield, Missouri 65807
(417) 889-2600

City Bancorp is incorporated in Missouri and is a bank holding company under the Bank Holding Company Act of 1956. It is based in Springfield, Missouri and conducts its banking operations through its subsidiary bank, The Signature Bank. As of September 30, 2006, City Bancorp had total assets of approximately \$851.0 million, deposits of approximately \$600.0 million and shareholders' equity of approximately \$73.0 million.

The Merger (Page 19)

BancorpSouth and City Bancorp entered into a merger agreement, dated as of October 31, 2006, whereby City Bancorp will merge with and into BancorpSouth, subject to shareholder and regulatory approval and other conditions. City Bancorp's subsidiary bank, The Signature Bank, will become a wholly-owned subsidiary of BancorpSouth and City Bancorp's separate corporate existence will cease. The merger agreement is attached to this Proxy Statement/Prospectus as Annex A. You should read it carefully. Subject to shareholder and regulatory approval and satisfaction of the other conditions contained in the merger agreement, BancorpSouth and City Bancorp hope to complete the merger during the first quarter of 2007.

What City Bancorp Shareholders Will Receive in the Merger (Page 19, 46)

If the merger is completed, City Bancorp shareholders, other than City Bancorp shareholders who properly exercise their rights to dissent from the merger, will have the opportunity to elect to receive in exchange for each share of City Bancorp common stock they own:

a cash payment of \$34.08; or

between 1.2198 and 1.4908 shares of BancorpSouth common stock (which is referred to as the exchange ratio), depending on the average closing price of BancorpSouth common stock for the 10 trading days ending on the date on which the last consent of the applicable federal and state regulatory authorities is received.

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If you hold more than one share of City Bancorp common stock, you may elect a combination of stock and cash consideration. Regardless of your election, you may receive a combination of cash and shares of BancorpSouth common stock that is different than what you may have elected, depending on the elections made by other City Bancorp shareholders.

With respect to the stock consideration, for each share of City Bancorp common stock you own, you will receive between 1.2198 shares of BancorpSouth common stock (if the 10-day average closing price is \$27.94 or greater), and 1.4908 shares of BancorpSouth common stock (if the 10-day average closing price is \$22.86 or less). If the 10-day average closing price is between \$22.86 and \$27.94, the exchange ratio will be proportionately adjusted between 1.2198 and 1.4908 based on the 10-day average closing price of BancorpSouth common stock computed as described above.

BancorpSouth will not issue any fractional shares of BancorpSouth common stock. Instead, a City Bancorp shareholder who receives any fractional share of BancorpSouth common stock as consideration in the merger will receive cash equal to the product of (i) the per share closing price on the New York Stock Exchange of BancorpSouth common stock on the closing date, times (ii) the fraction of a share of BancorpSouth common stock to which the shareholder otherwise would be entitled.

At the effective time of the merger, each outstanding option to purchase shares of City Bancorp common stock shall, by virtue of the merger and without further action by the holder of such option, be converted into an option to purchase shares of BancorpSouth common stock. The amount of BancorpSouth common stock subject to each option will be equal to the number of whole shares that the holder of the option would have received if the option were exercised in full immediately prior to the effective time of the merger and the holder had elected to receive merger consideration for such option shares only in the form of BancorpSouth common stock. Any fractional share will be rounded to the nearest whole share. The exercise price for the converted options will be equal to the aggregate exercise price for the shares of City Bancorp common stock otherwise purchasable under the City Bancorp option divided by the number of shares of BancorpSouth common stock issuable under the converted option. This option conversion formula will be adjusted, if necessary, for tax-related adjustments in order to comply with Section 424(a) of the Internal Revenue Code.

At the effective time of the merger, persons who are BancorpSouth shareholders immediately prior to the merger will own more than 95% of the outstanding shares of common stock of the combined company and persons who are City Bancorp shareholders immediately prior to the merger will own less than 5% of the outstanding shares of common stock of the combined company.

BancorpSouth's Stock Price Will Fluctuate (Page 9, 58)

BancorpSouth expects the market price of its common stock to fluctuate as a result of market factors beyond its control before and after the merger. Because both the market price of BancorpSouth common stock and the exchange ratio may fluctuate, the value of the shares of BancorpSouth common stock that City Bancorp shareholders may receive in the merger might increase or decrease prior to completion of the merger. BancorpSouth cannot assure City Bancorp shareholders that the market price of BancorpSouth common stock will not fluctuate before or after completion of the merger. The following table shows the average closing price of BancorpSouth common stock reported on the New York Stock Exchange for the 10 trading days ending on October 30, 2006, the last full trading day before we announced the merger, and before January 11, 2007, the last practicable trading day before the distribution of this Proxy Statement/Prospectus. This table also shows the implied value of the stock consideration proposed for each share of City Bancorp common stock, which we calculated by multiplying the appropriate 10-day average closing price of BancorpSouth common stock for those dates by the corresponding exchange ratio. You

should obtain current market quotations for BancorpSouth common stock from a newspaper, the Internet or your broker. BancorpSouth common stock is listed on the New York Stock Exchange under the symbol BXS.

	10-Day Average Closing Price of BancorpSouth Common Stock	Exchange Ratio	Implied Value per Share of City Bancorp Common Stock
At October 30, 2006	\$ 26.24	1.2988	\$ 34.08
At January 11, 2007	\$ 26.93	1.2655	\$ 34.08

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Special Meeting (Page 16)

A special meeting of the shareholders of City Bancorp will be held at the following time and place:

February 14, 2007
10:00 a.m. (Central Time)
City Bancorp
3345 South Campbell Avenue
Springfield, Missouri 65807

At the special meeting, shareholders of City Bancorp will be asked to approve the merger agreement between City Bancorp and BancorpSouth.

The Board of Directors of City Bancorp Recommends that its Shareholders Approve the Merger Agreement (Page 17)

The board of directors of City Bancorp unanimously approved the merger agreement, believes that the merger between City Bancorp and BancorpSouth is in the best interests of City Bancorp shareholders and recommends that City Bancorp shareholders vote FOR the proposal to approve the merger agreement. This belief is based on a number of factors described in this Proxy Statement/Prospectus.

City Bancorp's Financial Advisors Provided Opinions to the City Bancorp Board of Directors as to the Fairness of the Merger Consideration from a Financial Point of View (Page 22)

In deciding to approve the merger agreement, the City Bancorp board of directors considered the opinions of its financial advisors, Stifel, Nicolaus & Company, Incorporated and Mercer Capital Management, Inc., which were given to the City Bancorp board of directors on October 30, 2006, that, as of the date of such opinions and based upon and subject to the assumptions, qualifications and limitations described in each opinion, the merger consideration was fair from a financial point of view to the shareholders of City Bancorp. A copy of the opinion given by Stifel Nicolaus is attached to this document as Annex C. A copy of the opinion given by Mercer Capital is attached to this document as Annex D. City Bancorp shareholders should read the opinions completely and carefully to understand the assumptions made, matters considered and limitations on the reviews undertaken by Stifel Nicolaus and Mercer Capital in providing their opinions.

Vote Required to Complete the Merger (Page 17)

Under Missouri law, the merger agreement must be approved by two-thirds of all the votes entitled to be cast by shareholders of City Bancorp. City Bancorp expects that its executive officers and directors will vote all of their shares of City Bancorp common stock in favor of the merger agreement. At the close of business on City Bancorp's record date, there were 4,929,612 shares of City Bancorp common stock entitled to vote at the City Bancorp special meeting held by 305 holders of record. The executive officers and directors of City Bancorp beneficially owned 26.07% of the outstanding shares of City Bancorp common stock as of that date.

Record Date; Voting Rights (Page 17)

You can vote at the special meeting of City Bancorp shareholders if you owned City Bancorp common stock as of the close of business on January 16, 2007, the record date set by City Bancorp's board of directors. Each share of City Bancorp common stock is entitled to one vote. On January 16, 2007, there were 4,929,612 shares of City Bancorp common stock outstanding and entitled to vote on the merger agreement.

Background and Reasons for the Merger (Page 20)

In the first quarter of 2006, David Kunze, Chairman and Chief Executive Officer of City Bancorp, received an unsolicited expression of interest from a large regional bank holding company regarding a possible transaction between that company and City Bancorp. Discussions with this potential acquiror continued through mid-June 2006, when it became apparent to management of City Bancorp that the potential acquiror was not inclined to offer an amount that either Stifel Nicolaus or management of City Bancorp considered

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sufficient to accept in the absence of evidence that no greater purchase price would be available from other possible bidders. At the request of management, in consultation with the Strategic Alternatives Committee established by the board of directors of City Bancorp, Stifel Nicolaus initiated a bidding process by contacting potential acquirors (without disclosing the identity of City Bancorp). Eventually, 23 additional potential acquirors were contacted. Of these, 13 signed confidentiality agreements and received a confidential memorandum regarding City Bancorp. This resulted in three written expressions of interest in addition to the non-binding expression of interest initially received.

Two of the three new expressions of interest contained purchase price offers substantially in excess of the initial expression of interest, and Stifel Nicolaus commenced discussions with these two bidders at the direction of the City Bancorp board of directors. One of these two bidders was BancorpSouth. Stifel Nicolaus summarized final bids from BancorpSouth and the other party at a City Bancorp board of directors meeting on September 22, 2006. The board of directors carefully considered each of the two bids, determined that the bid of BancorpSouth represented the higher bid and was the most advantageous transaction for the shareholders of City Bancorp, and directed management, with the assistance of the Strategic Alternatives Committee, Stifel Nicolaus, and Polsinelli Shalton Welte Suelthaus PC, to attempt to negotiate a definitive agreement with BancorpSouth. At that same meeting, the board of directors determined to engage Mercer Capital in addition to Stifel Nicolaus to provide an independent review of the fairness to the shareholders of City Bancorp of any resulting proposed transaction with BancorpSouth.

At an October 30, 2006 meeting of the board of directors, the directors unanimously approved the merger agreement and authorized management to execute and deliver the merger agreement. The merger agreement was executed effective as of October 31, 2006, and a public announcement of the transaction was made on that date in Springfield, Missouri.

Why BancorpSouth and City Bancorp are Seeking to Merge (Page 20)

The merger will combine the strengths of BancorpSouth and City Bancorp and their subsidiary banks. By merging with BancorpSouth, City Bancorp will provide its current and potential customers with access to a substantially larger capital base and lending limits, as well as a broader array of financial and technological resources, including an expanded products line. The combined company also expects to reduce costs by eliminating overlap of the companies operations and by applying BancorpSouth's technology to City Bancorp's operations. The merger will expand BancorpSouth's market presence into an eighth state providing additional geographic diversification consistent with BancorpSouth's growth strategy.

Analysis of Financial Advisors to City Bancorp (Page 22)

Stifel, Nicolaus & Company, Incorporated

Stifel Nicolaus acted as City Bancorp's financial advisor in connection with the proposed merger. As part of its investment banking activities, Stifel Nicolaus regularly engages in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Stifel Nicolaus has substantial expertise in transactions similar to the proposed merger and City Bancorp retained Stifel Nicolaus based on its experience as a financial advisor in mergers and acquisitions of financial institutions and its knowledge of the financial services industry.

On October 23, 2006, Stifel Nicolaus rendered its oral opinion, which was subsequently reaffirmed and confirmed in writing on October 30, 2006, to the board of directors of City Bancorp that, as of such date, the per share consideration to be received by the holders of City Bancorp common stock (other than shares of City Bancorp common stock as to which dissenters' rights have been properly demanded and shares held directly or indirectly by

BancorpSouth or City Bancorp or any of their respective subsidiaries (other than shares held in a trust or managed account or otherwise in a fiduciary capacity or in respect of a previously contracted debt)) from BancorpSouth in the merger pursuant to the merger agreement was fair to such holders, from a financial point of view.

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The full text of the opinion of Stifel Nicolaus, dated October 30, 2006, which describes the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as [Annex C](#) to this Proxy Statement/Prospectus. City Bancorp shareholders should read this opinion in its entirety.

Mercer Capital Management, Inc.

Mercer Capital is a business valuation and financial advisory firm located in Memphis, Tennessee. Mercer Capital is regularly engaged to provide valuation and advisory services in connection with mergers and acquisitions, corporate transactions, share repurchases, tax compliance, ESOPs and employee benefit plans, and related purposes. Neither Mercer Capital nor any of its affiliates has a financial interest in City Bancorp or BancorpSouth. Mercer Capital was selected to provide its fairness opinion based on its familiarity with the regional community banking industry and its knowledge of the banking industry as a whole. Mercer Capital will receive a fee for providing its fairness opinion, which fee is not contingent on its opinion. Prior to its engagement to provide this fairness opinion, Mercer Capital provided a fairness opinion on behalf of Signature Bancshares, Inc. in connection with the 2003 merger between City Bancorp and Signature Bancshares.

City Bancorp engaged Mercer Capital to provide an additional fairness opinion in connection with the merger. On October 30, 2006, Mercer Capital rendered its written opinion to the effect that, as of such date and based upon and subject to matters stated in the Mercer Capital opinion, the merger is fair from a financial point of view to City Bancorp's shareholders (other than shares of City Bancorp as to which dissenters' rights have been properly demanded and shares held directly or indirectly by City Bancorp or BancorpSouth (other than shares held in a trust or managed account or otherwise in a fiduciary capacity or in respect of a previously contracted debt)). No limitations were imposed by City Bancorp's board of directors upon Mercer Capital with respect to the investigations made or the procedures followed by Mercer Capital in rendering its opinion.

The full text of the opinion of Mercer Capital, dated October 30, 2006, which describes the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as [Annex D](#) to this Proxy Statement/Prospectus. City Bancorp shareholders should read this opinion in its entirety.

Management and Operations Following the Merger (Page 57)

The officers and directors of each of BancorpSouth and BancorpSouth Bank immediately prior to the effective time of the merger will continue to be the officers and directors of BancorpSouth and BancorpSouth Bank, respectively, following the merger. Certain of the executive officers of City Bancorp will be retained by BancorpSouth and may serve as officers of The Signature Bank or BancorpSouth Bank but will not serve as executive officers of BancorpSouth.

Material U.S. Federal Income Tax Consequences (Page 37)

Your U.S. federal income tax consequences will depend primarily on whether you exchange your shares of City Bancorp common stock solely for BancorpSouth common stock, solely for cash or for a combination of BancorpSouth common stock and cash. If you exchange your shares of City Bancorp common stock solely for BancorpSouth common stock, you should not recognize any gain or loss (except with respect to the cash you receive for any fractional share) for U.S. federal income tax purposes. If you exchange your shares of City Bancorp common stock solely for cash, you should recognize gain or loss on the exchange. If you exchange your shares of City Bancorp common stock for a combination of BancorpSouth common stock and cash, you should recognize a gain, but not any loss, on the exchange to the extent of the lesser of cash received or gain realized in the exchange. The actual U.S. federal income tax consequences to you will not be ascertainable at the time you make your election because we will not know at that time if, or to what extent, the allocation and proration procedures will apply.

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This tax treatment may not apply to all shareholders of City Bancorp. Determining the actual tax consequences of the merger to you can be complicated. You should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you.

BancorpSouth and City Bancorp will not be obligated to complete the merger unless they each receive an opinion from their respective legal counsel, dated the closing date, that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and that BancorpSouth and City Bancorp will each be a party to that reorganization. If such opinions are rendered, the U.S. federal income tax treatment of the merger should be as described above. The opinions of the parties' respective counsel, however, do not bind the Internal Revenue Service and do not preclude the IRS or the courts from adopting a contrary position.

Retirement Plans (Page 42)

It is anticipated that the existing City Bancorp retirement plan will be terminated immediately prior to the merger. In addition, City Bancorp is in the process of liquidating a retirement plan that was previously terminated by a predecessor to City Bancorp. This plan currently holds 7,135 shares of City Bancorp common stock.

Equity Incentive Plans (Page 42)

The two employee stock purchase plans maintained by City Bancorp have been terminated. In addition, all options to purchase City Bancorp common stock under City Bancorp's existing option plans will be converted to options to purchase shares of BancorpSouth common stock. Except for the options granted under the City Bancorp Incentive Stock Option Plan, all options will be equity incentive options as described in Section 422 of the Internal Revenue Code. The options granted under the City Bancorp Incentive Stock Option Plan will be nonqualified options.

Accounting Treatment (Page 37)

BancorpSouth will account for the merger under the purchase method of accounting for business combinations under generally accepted accounting principles in the United States.

Interests of Certain Persons in the Merger (Page 44)

Executive officers and directors of City Bancorp will receive shares of BancorpSouth common stock in the merger on the same basis as other City Bancorp shareholders. The following chart shows the number and percentage of shares of BancorpSouth common stock that may be issued to executive officers, directors and holders of more than five percent of City Bancorp common stock in the merger based on ownership as of the record date:

Beneficial ownership ⁽¹⁾ by executive officers, directors and holders of more than five percent of City Bancorp common stock, and their affiliates, as of January 16, 2007	1,336,817
Percentage of such beneficial ownership with respect to all issued and outstanding shares of City Bancorp common stock	26.07%
Maximum number of shares of BancorpSouth common stock to be received in the merger ⁽²⁾ (based on such beneficial ownership)	1,992,926
Percentage of such maximum number of shares with respect to the maximum number of all shares of BancorpSouth common stock to be received in the merger	52.15%

- (1) Includes all stock options that will become exercisable as a result of the merger.
- (2) Assuming the maximum share exchange ratio of 1.4908 and assuming elections to receive all BancorpSouth common stock as merger consideration.

Two City Bancorp executive officers will receive cash payments as part of the merger and in consideration for terminating their existing employment agreements with The Signature Bank. One of these

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officers will also receive a grant of restricted stock units representing approximately 10,000 shares of BancorpSouth stock that will vest over three years. These two officers, along with 10 others, have entered into amended employment agreements with The Signature Bank that become effective upon the consummation of the merger.

City Bancorp Shareholders May Dissent from the Merger (Page 42)

Missouri law permits City Bancorp shareholders to dissent from the merger and to receive the fair value of their shares of City Bancorp common stock in cash in lieu of the merger consideration. To dissent, a City Bancorp shareholder must follow certain procedures, including but not limited to filing an objection and demand with City Bancorp and BancorpSouth, respectively, and not voting his or her shares in favor of the merger agreement. The shares of City Bancorp common stock held by a dissenter will not be exchanged for stock consideration or cash consideration in the merger, and pursuant to Missouri law a dissenter may receive either an agreed upon value of his or her shares of City Bancorp common stock in cash or a judicially appraised value of his or her shares of City Bancorp common stock in cash. The text of the Missouri statute describing these dissenters' rights and the procedures for exercising them is attached as Annex B to this Proxy Statement/Prospectus. City Bancorp shareholders who perfect their dissenters' rights and receive cash in exchange for their shares of City Bancorp common stock may recognize gain or loss for U.S. federal income tax purposes. See THE MERGER Shareholders Dissenters' Rights beginning on page 42 for more information regarding dissenters' rights.

We Must Obtain Regulatory Approvals to Complete the Merger (Page 37)

We cannot complete the merger unless we obtain the approval of the Federal Reserve Board. BancorpSouth filed a Notification to the Board of Governors of the Federal Reserve System on Form FR Y-3N on December 20, 2006. In connection with the Notification, BancorpSouth must publish a public notice of the merger which provides for a 30-day period for public comments. BancorpSouth expects to obtain approval of the merger from the Federal Reserve Board within five business days after the close of the public comment period. Once the Federal Reserve Board has approved the merger, federal law requires that we wait up to 30 calendar days to complete the merger in order to give the U.S. Department of Justice the opportunity to review and object to the merger. BancorpSouth expects the Department of Justice waiting period to expire on or about February 19, 2007.

We also intend to make all required filings with the Securities and Exchange Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934 relating to the merger. While we believe that we will obtain all regulatory approvals in a timely manner, we cannot be certain if or when we will obtain them.

Conditions to the Merger (Page 54)

The completion of the merger depends on a number of conditions being met, including the following:

shareholders of City Bancorp approving the merger agreement;

the New York Stock Exchange authorizing for listing the shares of BancorpSouth common stock to be issued to City Bancorp shareholders;

receipt of all required bank regulatory approvals and the expiration of any regulatory waiting periods;

the holders of no more than seven percent of the total outstanding shares of City Bancorp common stock exercising dissenters' rights with respect to the merger;

receipt of opinions of legal counsel to each party to the merger agreement that the U.S. federal income tax treatment of the merger will generally be as described in this Proxy Statement/Prospectus; and

BancorpSouth shall have received executed amended employment agreements in form and substance satisfactory to BancorpSouth from Messrs. David A. Kunze, Robert Fulp, Randy Johnson, James Kratzer, Ted Hamilton, Mike Lawson, Dan Derges, Dave Montgomery, Aaron Jernigen, Patrick Bowen

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and Jon Hustedt and Ms. Nadia Cavner. All of these individuals have executed and delivered the required employment agreements.

In cases where the law permits, a party to the merger agreement could elect to waive a condition that has not been satisfied and complete the merger although the party is entitled not to complete the merger. We cannot be certain whether or when any of these conditions will be satisfied (or waived, where permissible) or that the merger will be completed.

Termination of the Merger Agreement (Page 55)

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after approval of the merger agreement by City Bancorp shareholders, as set forth in the merger agreement, including by mutual consent of BancorpSouth and City Bancorp. In addition, the merger agreement may generally be terminated by either party if:

Written notice is provided to the other party 60 days after the date on which a governmental entity has denied, recommended or requested the withdrawal of any application for a required regulatory approval;

the merger is not completed on or before June 1, 2007;

City Bancorp shareholders fail to approve the merger agreement; or

any of the representations or warranties provided by the other party set forth in the merger agreement become materially untrue or incorrect or the other party materially breaches its covenants set forth in the merger agreement, and the representation or material breach is not cured within 30 calendar days following notice.

BancorpSouth may terminate the merger agreement if City Bancorp's board of directors withdraws, modifies or changes, in a manner adverse to BancorpSouth, its approval and recommendation of the merger agreement. If the merger agreement is terminated for certain reasons and City Bancorp receives an unsolicited proposal from a party other than BancorpSouth or BancorpSouth Bank within nine months after such termination, and actions are taken by the board of directors of City Bancorp to pursue further discussions or negotiations regarding such proposal, City Bancorp will be required to pay \$4.5 million in cash to BancorpSouth upon demand.

City Bancorp may terminate the merger agreement if the BancorpSouth stock price falls below a certain value, as provided in the merger agreement, and BancorpSouth does not elect to increase the exchange ratio as provided for in the merger agreement within the prescribed time limit.

Generally, a party can only terminate the merger agreement in one of these situations if that party is not in violation of the merger agreement or if its violations of the merger agreement are not the cause of the event permitting termination.

Comparative Historical and Pro Forma Per Share Data (Page 14)

Shares of BancorpSouth common stock are listed on the New York Stock Exchange under the symbol BXS. On October 30, 2006, the last full trading day prior to the public announcement of the merger, the closing sales price of BancorpSouth common stock was \$25.27 per share. On January 11, 2007, the last practicable trading day before the distribution of this Proxy Statement/Prospectus, the closing sales price of BancorpSouth common stock was \$26.72 per share. The market price of BancorpSouth common stock is expected to fluctuate prior to and after completion of the merger. You should obtain current market quotations for BancorpSouth common stock from a newspaper, the

Internet or your broker.

There is no established public trading market for shares of City Bancorp common stock, which is inactively traded in private transactions. Therefore, reliable information is not available about the prices at which shares of City Bancorp common stock have been bought and sold.

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RISK FACTORS

The merger involves a number of risks. In addition to the risks described below, the combined companies will continue to be subject to the risks described in the documents that BancorpSouth has filed with the Securities and Exchange Commission that are incorporated by reference into this Proxy Statement/Prospectus, including without limitation, BancorpSouth's Annual Report on Form 10-K for the fiscal year ended December 31, 2005. If any of the risks described below or in the documents incorporated by reference into this Proxy Statement/Prospectus actually occur, the business, financial condition, results of operations or cash flows of the combined companies could be materially adversely affected. The risks below should be considered along with the other information included or incorporated by reference into this Proxy Statement/Prospectus.

You Might Not Receive the Form of Merger Consideration that You Elect.

The merger agreement contains provisions that are designed to ensure that 50% of the outstanding shares of City Bancorp common stock are exchanged for shares of BancorpSouth common stock and the other 50% of the shares of City Bancorp common stock are exchanged for cash consideration. If elections are made by City Bancorp shareholders that would otherwise result in more or less than 50% of such shares being converted into BancorpSouth common stock, the amount of BancorpSouth common stock that City Bancorp shareholders will have elected to receive upon exchange of their shares will be adjusted so that, in the aggregate, 50% of the shares of City Bancorp common stock will be exchanged for the right to receive shares of BancorpSouth common stock and the remaining shares of City Bancorp common stock will be exchanged for the right to receive cash. As a result, there is a risk that you will not receive a portion of the merger consideration in the form that you elect, which could result in, among other things, tax consequences that differ from those that would have resulted had you received the form of consideration you elected (including the recognition of gain for U.S. federal income tax purposes with respect to the cash received). If you do not make an election, you will be deemed to have made an election to receive the merger consideration in such combination of cash and/or shares of BancorpSouth common stock as provided for in the merger agreement.

You Might Not Know the Exchange Ratio When You Send Your Election Form or Proxy

You are required to send to Computershare Trust Company, N.A., the exchange agent, the election form and stock certificates representing shares of City Bancorp common stock that you own so that they are received no later than the 10th business day immediately following the special meeting of the City Bancorp shareholders. Because the exchange ratio will not be determinable until the end of business on the day on which the last consent of the applicable federal and state regulatory authorities is received, you may not know the exchange ratio when you send your election form to the exchange agent. Similarly, if you mail or otherwise submit your proxy prior to the receipt of the last consent of the applicable federal and state regulatory authorities, you may not know the exchange ratio when you vote on the merger agreement. As a result, you may not know the number of shares of BancorpSouth common stock you would receive as stock consideration when you vote on the merger agreement and elect the form of merger consideration you want to receive.

The Market Price of the Shares of BancorpSouth Common Stock You Receive in the Merger Will Fluctuate and the Precise Exchange Ratio Cannot be Presently Determined.

The merger agreement provides for an exchange ratio that is based on the average closing price of BancorpSouth common stock for the 10-trading day period ending on the date on which the last consent of the applicable federal and state regulatory authorities is received. The merger agreement provides for adjustment of the exchange ratio if the

10-day average closing price is between \$22.86 and \$27.94 per share, but it does not provide any adjustment if the 10-day average closing price is below \$22.86 per share or above \$27.94 per share. Consequently, the market price of the stock consideration may be more or less than the cash consideration upon completion of the merger. The merger agreement provides City Bancorp the right to terminate the merger agreement if the 10-day average closing price of BancorpSouth common stock is below \$20.57; however, if City Bancorp elects to terminate the merger agreement, BancorpSouth has the option to increase the exchange ratio to an amount that would cause the dollar value of the stock consideration to be

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equal to the dollar value of the stock consideration had the 10-day average closing price been equal to \$22.86. If BancorpSouth exercises its option to increase the exchange ratio, then the merger agreement will remain in effect. Because the exchange ratio is based on the average closing price of BancorpSouth common stock for a period of time prior to the receipt of all applicable federal and state regulatory approvals, the precise exchange ratio cannot be presently determined. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control.

Shareholders of City Bancorp are urged to obtain current market quotations for BancorpSouth common stock from a newspaper, the Internet or their brokers. The historical prices of BancorpSouth common stock included in this Proxy Statement/Prospectus are not necessarily indicative of the prices that will be used to calculate the exchange ratio. The future market price of BancorpSouth common stock cannot be guaranteed or predicted.

We May Fail to Achieve the Anticipated Benefits of the Merger.

BancorpSouth and City Bancorp have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger.

The Market Price of Shares of BancorpSouth Common Stock after the Merger May Be Affected by Factors Different from those Affecting Shares of City Bancorp or BancorpSouth Currently.

The businesses of BancorpSouth and City Bancorp differ in some respects and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent financial condition and results of operations of each of BancorpSouth and City Bancorp. For a discussion of the businesses of BancorpSouth and City Bancorp and of certain factors to consider in connection with those businesses, see INFORMATION ABOUT BANCORPSOUTH on page 59 and INFORMATION ABOUT CITY BANCORP beginning on page 59.

The Merger Agreement Limits the Ability of City Bancorp to Pursue Alternative Transactions to the Merger and Requires City Bancorp to Pay a Termination Fee if it Does.

The merger agreement prohibits City Bancorp and its directors, officers, employees, representatives and agents from soliciting, authorizing the solicitation of or, subject to very narrow exceptions, entering into discussions with any person or entity other than BancorpSouth or BancorpSouth Bank regarding alternative acquisition proposals. The prohibition limits the ability of City Bancorp to pursue offers that may be superior from a financial point of view from other possible acquirors. If the merger agreement is terminated for certain reasons and City Bancorp receives an unsolicited proposal from a party other than BancorpSouth or BancorpSouth Bank within nine months after such termination, and actions are taken by the board of directors of City Bancorp to pursue further discussions or negotiations regarding such proposal, City Bancorp will be required to pay \$4.5 million in cash to BancorpSouth upon demand. This fee makes it less likely that a third party will make an alternative acquisition proposal.

The Executive Officers and Directors of City Bancorp Have Interests Different from Typical City Bancorp Shareholders.

The executive officers and directors of City Bancorp have certain interests in the merger and participate in certain arrangements that are different from, or are in addition to, those of City Bancorp shareholders generally. As a result,

these executive officers and directors could be more likely to approve the merger agreement than if they did not have these interests. See THE MERGER Interests of Certain Persons in the Merger.

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Former Shareholders of City Bancorp Will Be Limited in their Ability to Influence BancorpSouth's Actions and Decisions Following the Merger.

Following the merger, former shareholders of City Bancorp will hold less than 5% of the outstanding shares of BancorpSouth common stock. As a result, former City Bancorp shareholders will have only a limited ability to influence BancorpSouth's business. Former City Bancorp shareholders will not have separate approval rights with respect to any actions or decisions of BancorpSouth or have separate representation on BancorpSouth's board of directors.

The Merger May Result in a Loss of Current City Bancorp Employees.

Despite BancorpSouth's efforts to retain quality employees, BancorpSouth might lose some of City Bancorp's current employees following the merger. Current City Bancorp employees may not want to work for a larger, publicly traded multi-state company instead of a smaller, privately-held company with operations in a single state, or may not want to assume different duties, positions and compensation that BancorpSouth offers to the City Bancorp employees. Competitors may recruit employees prior to the merger and during the integration process after the merger. As a result, current employees of City Bancorp could leave with little or no prior notice. BancorpSouth cannot assure you that the combined companies will be able to attract, retain and integrate employees following the merger which could adversely affect the operations of the combined companies.

A Portion of the Merger Consideration Will be Deposited Into an Escrow Account and Will not be Distributable for up to Seven Years

Approximately \$3 million of the merger consideration, half in cash and half in shares of BancorpSouth common stock, will be deposited into escrow with Enterprise Bank & Trust Company at the effective time of the merger. This escrow fund will be used to pay judgments, settlements and related legal fees and costs relating to certain outstanding litigation against City Bancorp or any subsidiary of City Bancorp that is a party to this litigation. The funds shall be held in escrow until the final resolution of such litigation, whether by entry of a final unappealable judgment or by final settlement and release of all City Bancorp entities that are parties to such litigation, but in no event longer than seven years. Upon termination of the escrow arrangement, any cash or shares of BancorpSouth common stock remaining in the escrow fund will be disbursed to the former holders of City Bancorp common stock who did not exercise their right to dissent with respect to the merger. The market price of BancorpSouth common stock will fluctuate during the period of time the shares are held in escrow and such shares will not be transferable and the cash will not be available until distributed from the escrow account to the former holders of City Bancorp common stock. For U.S. federal income tax purposes, the non-dissenting City Bancorp shareholders should be treated as the owners of the escrowed shares of BancorpSouth common stock and, possibly, the escrowed cash. In addition, each City Bancorp shareholder should be required to include in gross income for U.S. federal income tax purposes all amounts earned on the escrow fund, as such amounts are earned.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF BANCORPSOUTH**

The following table sets forth certain financial information with respect to BancorpSouth, which is derived from the audited and unaudited financial statements of BancorpSouth. The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. BancorpSouth management prepared the unaudited information on the same basis as it prepared BancorpSouth's audited consolidated financial statements. In the opinion of BancorpSouth management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for the dates presented. You should read this information in conjunction with BancorpSouth's consolidated financial statements and related notes included in BancorpSouth's Annual Report on Form 10-K for the year ended December 31, 2005, and BancorpSouth's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, which are incorporated by reference into this document and from which this information is derived. See "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 91.

	2005	For the Years Ended December 31,				For the Nine Months Ended September 30,	
		2004	2003	2002	2001	2006	2005
		(Unaudited)					
	(Dollars in thousands, except per share amounts)						
Income Statement Summary:							
Revenue	\$ 559,936	\$ 497,629	\$ 526,911	\$ 590,418	\$ 660,475	\$ 502,522	\$ 400,000
Expense	204,379	163,837	175,805	218,892	331,093	212,974	140,000
Interest revenue	355,557	333,792	351,106	371,526	329,382	289,548	260,000
Interest expense	24,467	17,485	25,130	29,411	22,259	2,252	20,000
Net interest revenue	198,812	183,519	190,086	124,826	127,998	155,604	140,000
Net interest expense	362,102	342,945	322,594	304,985	289,318	293,013	260,000
Income before income tax	167,800	156,881	193,468	161,956	145,803	149,887	110,000
Income tax expense	52,601	46,261	62,334	49,938	47,340	46,016	30,000
Net income	\$ 115,199	\$ 110,620	\$ 131,134	\$ 112,018	\$ 98,463	\$ 103,871	\$ 80,000
Per Share Data:							
Earnings per share	\$ 1.47	\$ 1.44	\$ 1.69	\$ 1.40	\$ 1.19	\$ 1.31	\$ 1.00
Dividends per share	1.47	1.43	1.68	1.39	1.19	1.31	1.00
Book value per share at end of period	0.76	0.73	0.66	0.61	0.57	0.59	0.50
Assets	12.33	11.74	11.15	10.40	9.92	13.03	11.00
Balance Sheet Data (in thousands):							
Total assets	\$ 11,768,674	\$ 10,848,193	\$ 10,305,035	\$ 10,189,247	\$ 9,395,429	\$ 11,859,942	\$ 11,000,000

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et of unearned	7,365,555	6,836,698	6,233,067	6,389,385	6,073,200	7,773,682	7,09
ce for credit	101,500	91,673	92,112	87,875	83,150	97,391	10
osits	9,607,258	9,059,091	8,599,128	8,548,918	7,856,840	9,492,374	9,22
ckholders	\$ 977,166	\$ 916,428	\$ 868,906	\$ 807,823	\$ 805,403	\$ 1,031,359	\$ 94
Sheet Data							
(es):							
sets	\$ 10,968,874	\$ 10,555,133	\$ 10,236,904	\$ 9,882,168	\$ 9,261,912	\$ 11,778,913	\$ 10,85
ckholders	\$ 934,563	\$ 873,264	\$ 845,874	\$ 810,893	\$ 796,706	\$ 995,576	\$ 92
number of							
hares							
ing (in							
ds)	78,597	77,378	78,164	80,481	82,979	79,552	7
l Ratios							
(ized):							
on average							
	1.05%	1.05%	1.28%	1.13%	1.06%	1.18%	
on average							
ers equity	12.33	12.67	15.50	13.81	12.36	13.95	
rest margin	3.64	3.52	3.80	4.15	3.94	3.71	
ge-offs to							
loans	0.23	0.31	0.33	0.41	0.35	0.11	
apital to							
ghted assets	12.85	12.41	13.24	11.92	10.70	12.38	
apital to							
ghted assets	14.11	13.67	14.51	13.16	11.91	13.58	

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF CITY BANCORP**

The following table sets forth certain financial information with respect to City Bancorp, which is derived from the audited and unaudited financial statements of City Bancorp. The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. City Bancorp management prepared the unaudited information on the same basis as it prepared City Bancorp's audited consolidated financial statements. In the opinion of City Bancorp management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for the dates presented.

	2005	For the Years Ended December 31,				For the Nine Months Ended September 30,	
		2004(1)	2003(1)	2002(1)	2001(1)	2006	2005
		(Unaudited)					
	(Dollars in thousands, except per share amounts)						
Earnings Summary:							
Interest income	\$ 42,020	\$ 27,916	\$ 15,559	\$ 12,853	\$ 12,796	\$ 41,207	\$ 30,351
Interest expense	17,297	10,212	5,638	5,915	7,508	19,347	12,272
Net interest income	24,723	17,704	9,921	6,938	5,288	21,860	18,079
Provision for loan losses	874	684	771	794	643	779	560
Noninterest income	5,075	4,865	681	523	360	3,248	3,564
Noninterest expense	16,772	14,108	5,956	4,576	4,151	13,077	11,825
Income before income taxes	12,152	7,777	3,875	2,091	854	11,252	9,258
Provisions for income taxes	4,618	3,130	1,537	843	377	4,335	3,489
Net income	\$ 7,534	\$ 4,647	\$ 2,338	\$ 1,248	\$ 477	\$ 6,917	\$ 5,769
Per Share Data:							
Basic earnings	\$ 1.57	\$ 0.97	\$ 2.11	\$ 1.35	\$ 0.52	\$ 1.42	\$ 1.20
Diluted earnings	1.53	0.97	2.11	1.35	0.52	1.39	1.19
Cash dividends		0.30	0.65			0.28	
Book value end of period	13.93	12.44	19.35	13.75	12.39	15.04	13.66
Balance Sheet Data (period end):							
Total assets	\$ 791,499	\$ 694,628	\$ 328,741	\$ 275,527	\$ 218,780	\$ 850,763	\$ 749,642
Loans, gross	675,402	600,061	285,660	235,699	168,793	759,701	649,772
Allowance for credit losses	6,746	6,172	2,845	2,301	1,643	7,592	6,533
Securities	26,126	31,436	17,484	15,512	20,618	23,017	25,655

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Deposits	584,570	496,239	241,389	202,479	171,964	610,418	555,565
Long-term debt	18,558	24,558	14,248	6,000		18,558	18,558
Total stockholders equity	\$ 67,478	\$ 59,331	\$ 21,452	\$ 12,682	\$ 11,434	\$ 73,465	\$ 65,633
Balance Sheet Data (averages):							
Total assets	\$ 734,201	\$ 642,168	\$ 296,924	\$ 230,365	\$ 189,829	\$ 800,203	\$ 725,660
Total stockholders equity	\$ 63,311	\$ 55,256	\$ 17,078	\$ 12,070	\$ 9,702	\$ 69,549	\$ 62,183
Average number of diluted shares outstanding (in thousands)	4,916	4,809	1,108	923	923	4,973	4,842
Selected Ratios (annualized):							
Return on average assets	1.03%	0.73%	0.79%	0.54%	0.25%	1.15%	1.06%
Return on average stockholders equity	11.90	8.41	13.69	10.34	4.92	13.26	12.37
Net interest margin	3.61	3.32	3.53	3.22	3.02	3.89	3.52
Net charge-offs to average loans	0.05	0.08	0.09	0.07	0.16	(0.01)	0.04
Tier 1 capital to risk-weighted assets	10.27	10.53	9.82	5.50	6.53	9.90	10.59
Total capital to risk-weighted assets	11.24	12.44	13.14	9.18	9.76	10.87	11.59
Leverage ratio	9.65	9.49	9.08	5.02	5.13	9.55	9.45

(1) In the first quarter of 2004, Signature Bancshares, Inc. merged with and into City Bancorp with City Bancorp surviving as the legal entity; however, Signature Bancshares, Inc., the larger of the two entities, was the surviving entity solely for financial reporting purposes. Therefore, the numbers presented for the years ended December 31, 2003, 2002 and 2001 are those of Signature Bancshares, Inc. For further discussion of the 2004 merger, see INFORMATION ABOUT CITY BANCORP Business beginning on page 59.

Table of Contents**COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following table sets forth for BancorpSouth common stock and City Bancorp common stock certain historical, pro forma and pro forma-equivalent per share financial information. The pro forma and pro forma-equivalent per share information gives effect to the merger as if the merger had been effective on the dates presented, in the case of the book value data, and as if the merger had become effective on January 1, 2005, in the case of the income from continuing operations and cash dividends declared data for the 12 months ended December 31, 2005, and as if the merger had become effective on January 1, 2006, in the case of the income from continuing operations and cash dividends declared data for the nine months ended September 30, 2006. The pro forma data in the tables represents a current estimate based on available information of the combined company's results of operations and is based on an exchange ratio of 1.2988 shares of BancorpSouth common stock for each share of City Bancorp common stock, which would have been the exchange ratio as of October 30, 2006, the last full trading day before we announced the merger, and assuming that 100% of the outstanding common stock of City Bancorp is converted into BancorpSouth common stock with no regard given to the effect of shares of City Bancorp common stock that are exchanged for cash, as if these shares were outstanding for each period presented. The information in the following table is based on, and should be read together with, the historical financial information that BancorpSouth has presented in filings with the Securities and Exchange Commission. See **WHERE YOU CAN FIND MORE INFORMATION** beginning on page 91.

The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies, asset dispositions and share repurchases, among other factors, that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods. Upon completion of the merger, the operating results of City Bancorp will be reflected in the consolidated financial statements of BancorpSouth on a prospective basis.

	Comparative per Share Data			
	BancorpSouth	City	Pro Forma	Pro
	Historical	Bancorp	Combined	Forma-Equivalent
		Historical		City Bancorp
Income from continuing operations for the 12 months ended December 31, 2005				
Basic	\$ 1.47	\$ 1.57	\$ 1.45	\$ 1.89
Diluted	1.47	1.53	1.44	1.88
Income from continuing operations for the nine months ended September 30, 2006				
Basic	1.31	1.42	1.30	1.68
Diluted	1.31	1.39	1.29	1.67
Cash Dividends Declared				
For the 12 months ended December 31, 2005	0.76		0.76	0.99
For the nine months ended September 30, 2006	0.59	0.28	0.59	0.77
Book Value				
As of December 31, 2005	12.33	13.93	13.35	17.34

As of September 30, 2006

13.03

15.04

14.00

18.19

14

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Proxy Statement/Prospectus contains or incorporates by reference certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about the financial condition, results of operations and business of BancorpSouth and City Bancorp and about the combined companies following the merger. These statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, tax consequences and accounting treatment of the merger, receipt of regulatory approvals, statements regarding the escrow of a portion of the merger consideration and per share pro forma data for the combined companies. These statements appear in several sections of this Proxy Statement/Prospectus, including SUMMARY, RECENT DEVELOPMENTS, THE MERGER Background and Reasons for the Merger and THE MERGER AGREEMENT Terms of the Merger. The forward-looking statements generally include any of the words believes, expects, anticipates, intends, estimates, should, will or plans or other similar expressions.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. The future results and shareholder values of BancorpSouth and City Bancorp, and of the combined companies, may differ materially from those expressed in these forward-looking statements. Many of the factors that could influence or determine actual results are unpredictable and not within the control of BancorpSouth or City Bancorp. In addition, neither BancorpSouth nor City Bancorp intends to, nor are they obligated to, update these forward-looking statements after this Proxy Statement/Prospectus is distributed, even if new information, future events or other circumstances have made them incorrect or misleading as of any future date.

Factors that may cause actual results to differ materially from those contemplated by forward-looking statements include, among others, those discussed in the section entitled RISK FACTORS beginning on page 9, as well as the following:

- failure to obtain required shareholder or regulatory approvals;
- failure to complete the merger or to complete it within the expected time frame;
- inability to successfully integrate the business of the companies after the merger;
- disruption caused by the merger on City Bancorp's existing customer and employee relations;
- materially adverse changes in either company's financial condition or results of operations following the merger;
- changes in economic conditions and government fiscal and monetary policies;
- fluctuations in prevailing interest rates;
- the ability of BancorpSouth to compete with other participants in the financial services industry;
- changes in BancorpSouth's operating or expansion strategy;
- geographic concentration of BancorpSouth's assets;
- the ability of BancorpSouth to attract, train and retain qualified personnel;

the ability of BancorpSouth to effectively market its services and products in Missouri and elsewhere;

BancorpSouth's dependence on existing sources of funding;

changes in laws and regulations affecting financial institutions in general;

possible adverse rulings, judgments, settlements and other outcomes of pending litigation;

the effects of weather and natural disasters such as hurricanes;

the ability of BancorpSouth to manage its growth and effectively serve an expanding customer and market base; and

other factors generally understood to affect the financial results of financial services companies and other risks detailed from time to time in BancorpSouth's news releases and filings with the Securities and Exchange Commission.

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THE SPECIAL MEETING

General

This Proxy Statement/Prospectus is first being mailed on or about January 16, 2007, to all persons who were City Bancorp shareholders on January 16, 2007.

Along with this Proxy Statement/Prospectus, City Bancorp shareholders are being provided with a Notice of Special Meeting, election form, transmittal letter and form of proxy card for use at the special meeting of City Bancorp shareholders and at any adjournments or postponements of that meeting.

At the City Bancorp special meeting, City Bancorp shareholders will consider and vote upon a proposal to approve an Agreement and Plan of Merger, dated as of October 31, 2006, between City Bancorp and BancorpSouth, which provides for the merger of City Bancorp with and into BancorpSouth.

The special meeting of City Bancorp shareholders will be held at the following time and place:

February 14, 2007
10:00 a.m. (Central Time)
City Bancorp
3345 South Campbell Avenue
Springfield, Missouri 65807

Proxies

City Bancorp encourages its shareholders to promptly vote their proxies by completing, signing, dating and returning the enclosed proxy card solicited by City Bancorp's board of directors whether or not they are able to attend the City Bancorp special meeting in person.

A City Bancorp shareholder may revoke any proxy given in connection with this solicitation by:

delivering to the chief executive officer of City Bancorp a written notice revoking the proxy prior to the taking of the vote at the City Bancorp special meeting;

delivering to the chief executive officer of City Bancorp a duly executed proxy relating to the same shares bearing a later date; or

attending the meeting and voting in person (attendance at the City Bancorp special meeting without voting at the meeting will not in and of itself constitute a revocation of a proxy).

Revocation of proxy by written notice or execution of a new proxy bearing a later date should be submitted to:

City Bancorp
4039 S. Kansas Expressway
Springfield, Missouri 65807
Attention: David A. Kunze, Chairman and Chief Executive Officer

For a notice of revocation or later proxy to be valid, however, City Bancorp must receive it prior to the vote of City Bancorp shareholders at the City Bancorp special meeting. The persons named in the proxies will vote all shares of City Bancorp common stock represented by valid proxies received through this solicitation and not revoked before they are exercised in the manner described above.

City Bancorp is currently unaware of any other matters that may be presented for action at the City Bancorp special meeting. If other matters do properly come before the City Bancorp special meeting, then shares of City Bancorp common stock represented by proxies will be voted (or not voted) by the persons named in the proxies in their discretion.

Please do not forward your City Bancorp stock certificates, election form and letter of transmittal with your proxy card. Stock certificates, the election form and the letter of transmittal should be

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returned to Computershare Trust Company, N.A., the exchange agent, in the brown postage paid business reply envelope in accordance with the instructions contained in the election form.

Solicitation of Proxies

City Bancorp will bear the costs of mailing this Proxy Statement/Prospectus and all other costs incidental to the City Bancorp special meeting of shareholders, and BancorpSouth will bear the costs of printing this Proxy Statement/Prospectus and filing BancorpSouth's registration statement on Form S-4 with the Securities and Exchange Commission.

If necessary, City Bancorp may use several of its regular employees, who will not be specially compensated, to solicit proxies from City Bancorp shareholders, either personally or by telephone, facsimile or mail.

Record Date and Voting Rights

City Bancorp's board of directors has fixed January 16, 2007 as the record date for the determination of City Bancorp shareholders entitled to receive notice of and to vote at City Bancorp's special meeting of shareholders. Accordingly, only City Bancorp shareholders of record at the close of business on January 16, 2007 will be entitled to notice of and to vote at the City Bancorp special meeting. At the close of business on City Bancorp's record date, there were 4,929,612 shares of City Bancorp common stock entitled to vote at the City Bancorp special meeting held by 305 holders of record. The executive officers and directors of City Bancorp beneficially owned 26.07% of the outstanding shares of City Bancorp common stock as of that date.

The presence, in person or by proxy, of a majority of the votes entitled to be cast by the holders of City Bancorp common stock is necessary to constitute a quorum at the special meeting. Each share of City Bancorp common stock outstanding on City Bancorp's record date entitles its holder to one vote as to the approval of the merger agreement or any other proposal that may properly come before City Bancorp's special meeting.

For purposes of determining the presence or absence of a quorum for the transaction of business, City Bancorp will count shares of City Bancorp common stock present in person at the special meeting but not voting as present. Abstentions and broker non-votes will also be counted as present for purposes of determining whether a quorum exists.

Under the General and Business Corporation Law of Missouri, the merger agreement must be approved by the affirmative vote of at least two-thirds of all the votes entitled to be cast by shareholders of City Bancorp. Because approval of the merger agreement requires approval based on the votes entitled to be cast, an abstention or a broker non-vote will have the same effect as a vote against approval of the merger agreement. Accordingly, City Bancorp's board of directors urges City Bancorp shareholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed white postage paid business reply envelope.

Recommendation of Board of Directors

City Bancorp's board of directors has unanimously approved the merger agreement. City Bancorp's board of directors believes that the merger is in the best interests of City Bancorp and City Bancorp shareholders and recommends that City Bancorp shareholders vote FOR approval of the merger agreement. The determination of City Bancorp's board of directors with respect to the merger agreement is based on a number of factors, as described in this Proxy Statement/Prospectus. See THE MERGER Background and Reasons for the Merger.

Shareholders Dissenters Rights

Shareholders of City Bancorp who do not wish to participate in the merger are entitled under the General and Business Corporation Law of Missouri to dissent from the merger and, if the merger is consummated,

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receive the fair value of their shares. This right to dissent is subject to a number of restrictions and technical requirements. Generally, in order to exercise dissenters' rights, you must:

own City Bancorp stock as of the record date for the meeting of shareholders at which the merger agreement is submitted to a vote;

file with City Bancorp before or at such meeting a written objection to the merger agreement;

not vote your shares of City Bancorp common stock in favor of the merger agreement; and

make a written demand on BancorpSouth within 20 days after the merger is effected for payment of the fair value of your shares as of the day before the date on which the vote was taken approving the merger agreement.

Any City Bancorp shareholder who wishes to exercise dissenters' rights, or who wishes to preserve his or her right to do so, should carefully review Section 351.455 of the General and Business Corporation Law of Missouri, the text of which is attached as Annex B to this Proxy Statement/Prospectus, and the section entitled "THE MERGER Shareholders Dissenters' Rights."

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THE MERGER

The discussion in this Proxy Statement/Prospectus of the merger of City Bancorp into BancorpSouth does not purport to be complete and is qualified by reference to the full text of the merger agreement attached hereto as Annex A and the other annexes attached to, and incorporated by reference into, this Proxy Statement/Prospectus.

Description of the Merger

If the merger is completed, City Bancorp will merge with and into BancorpSouth and the separate corporate existence of City Bancorp will cease. City Bancorp's subsidiary bank, The Signature Bank, will become a wholly-owned subsidiary of BancorpSouth. City Bancorp shareholders, other than City Bancorp shareholders who properly exercise their rights to dissent from the merger, will have the opportunity to elect to receive in exchange for each share of City Bancorp common stock they own:

a cash payment of \$34.08; or

between 1.2198 and 1.4908 shares of BancorpSouth common stock, depending on the average closing price of BancorpSouth common stock for the 10 trading days ending on the date on which the last consent of the applicable federal and state regulatory authorities is received.

If you hold more than one share of City Bancorp common stock, you may elect a combination of stock and cash consideration. Because the aggregate merger consideration is fixed, regardless of your election, you may receive a combination of cash and shares of BancorpSouth common stock that is different than what you may have elected, depending on the elections made by other City Bancorp shareholders. See THE MERGER AGREEMENT Cash or Stock Election.

With respect to an election to receive stock consideration, for each share of City Bancorp common stock you own, you will receive between 1.2198 shares of BancorpSouth common stock (if the 10-day average closing price is \$27.94 or greater), and 1.4908 shares of BancorpSouth common stock (if the 10-day average closing price is \$22.86 or less). If the 10-day average closing price is between \$22.86 and \$27.94, the exchange ratio will be proportionately adjusted between 1.2198 and 1.4908 based on the 10-day average closing price of BancorpSouth common stock computed as described above. See THE MERGER AGREEMENT Terms of the Merger.

BancorpSouth will not issue any fractional shares of BancorpSouth common stock. Instead, a City Bancorp shareholder who receives any shares of BancorpSouth common stock as consideration in the merger will receive cash equal to the product of (i) the per share closing price on the New York Stock Exchange of BancorpSouth common stock on the closing date, times (ii) the fraction of a share of BancorpSouth common stock to which the shareholder otherwise would be entitled.

Missouri law permits City Bancorp shareholders to dissent from the merger and to receive the fair value of their shares of City Bancorp common stock in cash if the merger is consummated. To dissent, a City Bancorp shareholder must follow certain procedures, including filing certain notices with City Bancorp and not voting his or her shares in favor of the merger agreement. The shares of City Bancorp common stock held by a dissenter will not be exchanged for stock consideration or cash consideration in the merger and a dissenter's only right will be to receive the appraised fair value of his or her shares of City Bancorp common stock in cash in lieu of the merger consideration. For a discussion of the procedures that dissenting shareholders must follow to properly exercise their rights, see Annex B and THE MERGER Shareholders Dissenters Rights.

Approximately \$3 million of the merger consideration, half in cash and half in shares of BancorpSouth common stock, will be deposited into escrow with Enterprise Bank & Trust Company at the effective time. This escrow fund will be used to pay judgments, settlements and related legal fees and costs relating to certain outstanding litigation against City Bancorp or any subsidiary of City Bancorp that is a party to this litigation. The funds shall be held in escrow until the final resolution of such litigation, whether by entry of a final unappealable judgment or by final settlement and release of all City Bancorp entities that are parties to such

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litigation, but in no event longer than seven years. Upon termination of the escrow arrangement, any cash or shares of BancorpSouth common stock remaining in the escrow fund will be disbursed to the former holders (excluding those holders that properly dissented) of City Bancorp common stock.

Background and Reasons for the Merger

In the first quarter of 2006, David Kunze, Chairman and Chief Executive Officer of City Bancorp, received an unsolicited expression of interest from a large regional bank holding company regarding a possible transaction between that company and City Bancorp. By mid-April, after the course of several meetings, this interest developed into a non-binding expression of interest to purchase all of the shares of City Bancorp, subject to due diligence and other conditions typical for transactions of this type.

Mr. Kunze and other executive officers of City Bancorp discussed this non-binding expression of interest with the Corporate Governance Committee of the board of directors of City Bancorp on several occasions. Mr. Kunze and the Corporate Governance Committee met on a preliminary basis with representatives of Stifel Nicolaus and Polsinelli Shalton Welte Suelthaus PC (PSWS) on April 22, 2006, to consider appropriate responses to the non-binding expression of interest.

On April 26, 2006, the entire board of directors of City Bancorp was informed of the expression of interest to acquire all of the shares of City Bancorp. In response, the board approved the engagement of Stifel Nicolaus as financial advisors as well as PSWS as legal counsel to advise City Bancorp with respect to the expression of interest and to assist the board as it considered other alternatives that might be available to City Bancorp. The board of directors also created the Strategic Alternatives Committee, a committee of the board of directors specifically charged to work with PSWS and Stifel Nicolaus in examining the proposed alternatives. The Strategic Alternatives Committee was composed of three independent directors. The board of directors determined that any formal action would require additional action by the entire board of directors.

Following the April 26, 2006 board of directors meeting, representatives of Stifel Nicolaus held conversations with representatives of the potential acquiror, to explore in more detail the proposed terms of a possible transaction. On May 10, 2006, representatives of Stifel Nicolaus met with the board of directors to apprise the board of its discussions with the potential acquiror, and to review potential alternatives available to City Bancorp, including the possibility of conducting an auction to sell City Bancorp. The board of directors adopted no formal resolutions at this meeting, but directed management of City Bancorp, through Stifel Nicolaus, to continue discussions with the potential acquiror, with the understanding that if the existing offer was not enhanced, Stifel Nicolaus should proceed with an auction process.

Discussions with this potential acquiror continued through mid-June 2006, when it became apparent that the potential acquiror was not inclined to offer an amount that either Stifel Nicolaus or management of City Bancorp considered sufficient to accept in the absence of evidence that no greater purchase price would be available from other possible bidders. At the request of management, in consultation with the Strategic Alternatives Committee, Stifel Nicolaus initiated a bidding process by contacting potential acquirors without disclosing the identity of City Bancorp. Eventually, 23 additional potential acquirors were contacted. Of these, 13 signed confidentiality agreements and received a confidential memorandum regarding City Bancorp. This resulted in three written expressions of interest in addition to the non-binding expression of interest initially received.

Two of the three new expressions of interest contained purchase price offers substantially in excess of the initial expression of interest, and Stifel Nicolaus commenced discussions with these two bidders at the direction of the City Bancorp board of directors. One of these two bidders was BancorpSouth. Mr. Kunze first met with BancorpSouth representatives in Springfield, Missouri, on July 7, 2006 to discuss a possible transaction. Additional meetings in

Tupelo, Mississippi and Springfield, Missouri were held on July 20, August 8, and August 22, 2006. During this period, officers of City Bancorp also met with representatives of the second bidder whose offer was in excess of its initial expression of interest.

By late August 2006 revised written non-binding expressions of interest had been received from the two remaining bidders, including BancorpSouth. Management of City Bancorp and the Strategic Alternatives

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Committee reviewed the offers contained in these two expressions of interest and determined that it would be appropriate to permit the two remaining bidders to conduct due diligence reviews of City Bancorp. These reviews began in mid-August and were completed by early September.

On September 18, 2006, Stifel Nicolaus advised the Strategic Alternatives Committee that the highest and best offers had likely been received from the two bidders, and that no other party was likely to make a competitive bid. Stifel Nicolaus met with the board of directors of City Bancorp on September 19, 2006. At that meeting, the board of directors determined that Stifel Nicolaus should continue its discussions with these two bidders.

Stifel Nicolaus summarized final bids from BancorpSouth and the other party at a City Bancorp board of directors meeting on September 22, 2006. The board of directors carefully considered each of the two bids, determined that the bid of BancorpSouth represented the higher bid and was the most advantageous transaction for the shareholders of City Bancorp, and directed management, with the assistance of the Strategic Alternatives Committee, Stifel Nicolaus, and PSWS, to attempt to negotiate a definitive agreement with BancorpSouth. At that same meeting, the board of directors determined to engage Mercer Capital in addition to Stifel Nicolaus to provide an independent review of the fairness to the shareholders of City Bancorp of any resulting proposed transaction with BancorpSouth.

Over the course of the next several weeks, BancorpSouth and its advisors and City Bancorp and its advisors negotiated the terms of a definitive merger agreement. At a meeting on October 23, 2006, the board of directors of City Bancorp considered at length a proposed merger agreement in substantially the form ultimately executed by the parties. Stifel Nicolaus and Mercer Capital, the financial advisors to City Bancorp, each independently extensively reviewed the merger agreement, other transactions of comparable financial service companies, and other relevant information. Each financial advisor provided its opinion that, as of the respective dates of such opinions and based upon and subject to the respective assumptions, qualifications and limitations described in each opinion, the merger consideration was fair, from a financial point of view, to the shareholders of City Bancorp.

The City Bancorp board of directors met for a second time on October 30, 2006, to further consider the final form of the definitive merger agreement. At this meeting, the financial advisors each independently confirmed their respective fairness opinions to the board of directors. At the October 30, 2006 meeting the directors unanimously approved the merger and authorized management to execute and deliver the merger agreement. The merger agreement was executed effective as of October 31, 2006, and a public announcement of the transaction was made on that date in Springfield, Missouri.

In determining to approve the merger with BancorpSouth, the board of directors considered a number of factors. No one factor was determinative, nor is the following list of factors all-inclusive or provided in any particular order. The factors considered included the board of directors' determination that such merger transaction would: (i) advance the long-term business strategies, goals, and interests of City Bancorp; (ii) result in the best value reasonably available to the shareholders of City Bancorp, considering both its current operations and its future prospects; (iii) result in a well-capitalized combined entity capable of successfully competing in an increasingly competitive financial services marketplace; (iv) provide the opportunity to the shareholders of City Bancorp to participate on a pro-rata basis in a premium over the current market value of their common shares of City Bancorp; and (v) provide, through the ownership of publicly traded BancorpSouth common stock, for the holders of City Bancorp privately held stock to have greater liquidity in their respective investments and to participate in expanded opportunities for growth and profitability.

The merger will combine the strengths of BancorpSouth and City Bancorp and their subsidiary banks. By merging with BancorpSouth, City Bancorp will provide its current and potential customers with access to a substantially larger capital base and lending limits, as well as a broader array of financial and technological resources, including an expanded products line. The combined company also expects to reduce costs by eliminating overlap of the companies

operations and by applying BancorpSouth's technology to City Bancorp's operations. The merger will expand BancorpSouth's market presence into an eighth state providing additional geographic diversification consistent with BancorpSouth's growth strategy.

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The board of directors of City Bancorp unanimously approved the merger agreement and recommends that City Bancorp shareholders vote FOR the approval of the merger agreement.

Analysis of Financial Advisors to City Bancorp

Stifel, Nicolaus & Company, Incorporated

Stifel Nicolaus acted as City Bancorp's financial advisor in connection with the proposed merger. As part of its investment banking activities, Stifel Nicolaus regularly engages in the independent valuation of businesses and securities in connection with mergers, acquisitions, underwritings, sales and distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Stifel Nicolaus has substantial expertise in transactions similar to the proposed merger and City Bancorp retained Stifel Nicolaus based on its experience as a financial advisor in mergers and acquisitions of financial institutions and its knowledge of the financial services industry.

On October 23, 2006, Stifel Nicolaus rendered its oral opinion, which was subsequently reaffirmed and confirmed in writing on October 30, 2006, to the board of directors of City Bancorp that, as of such date, the per share consideration to be received by the holders of City Bancorp common stock (other than shares of City Bancorp common stock as to which dissenters' rights have been properly demanded and shares held directly or indirectly by BancorpSouth or City Bancorp or any of their respective subsidiaries (other than shares held in a trust or managed account or otherwise in a fiduciary capacity or in respect of a previously contracted debt)) from BancorpSouth in the merger pursuant to the merger agreement was fair to such holders, from a financial point of view.

The full text of Stifel Nicolaus' written opinion dated October 30, 2006, which sets forth the assumptions made, matters considered and limitations of the review undertaken, is attached as Annex C to this Proxy Statement/Prospectus. Holders of City Bancorp common stock are urged to, and should, read this opinion carefully and in its entirety in connection with this Proxy Statement/Prospectus. The summary of the opinion of Stifel Nicolaus set forth in this Proxy Statement/Prospectus is qualified in its entirety by reference to the full text of such opinion. The opinion of Stifel Nicolaus will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger. Stifel Nicolaus has no obligation to update, revise or reaffirm its opinion, except in accordance with the terms and conditions of Stifel Nicolaus' engagement letter agreement with City Bancorp, and City Bancorp does not currently expect that it will request an updated opinion from Stifel Nicolaus.

No limitations were imposed by City Bancorp on the scope of Stifel Nicolaus' investigation or the procedures to be followed by Stifel Nicolaus in rendering its opinion. In arriving at its opinion, Stifel Nicolaus did not ascribe a specific range of values to City Bancorp. Its opinion is based on the financial and comparative analyses described below. Stifel Nicolaus' opinion was directed solely to City Bancorp's board of directors for its use in connection with its consideration of the financial terms of the merger. Stifel Nicolaus' opinion addressed only the fairness of the per share consideration to the holders of City Bancorp common stock from a financial point of view and did not address any other aspect of the merger agreement. Stifel Nicolaus' opinion was not intended to be and does not constitute a recommendation to City Bancorp's board of directors or any shareholder of City Bancorp as to how the board or any such shareholder should vote with respect to the merger, or whether or not any City Bancorp shareholder should elect to receive cash or shares of BancorpSouth's common stock (or any combination thereof) as per share consideration in connection with the merger. In addition, Stifel Nicolaus was not requested to opine as to, and its opinion does not compare, the relative merits of the merger with any other alternative transaction or business strategy which may have been available to City Bancorp and does not address the underlying business decision of the board of directors or City Bancorp to proceed with or effect the merger. Stifel Nicolaus' opinion also does not address or opine on: (a) the tax or accounting consequences of the merger to City Bancorp or the holders of shares of common stock; (b) any related merger, acquisition or similar transaction involving The Signature Bank and BancorpSouth Bank; or (c) the fairness of

any consideration received by holders of any securities of City Bancorp other than the shares of common stock.

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In connection with its opinion, Stifel Nicolaus, among other things:

reviewed and analyzed a draft copy of the merger agreement provided to Stifel Nicolaus on October 19, 2006;

reviewed and analyzed the audited consolidated financial statements of City Bancorp for the two years ended December 31, 2005, the annual valuation for the year ended 2005 for City Bancorp, the audited consolidated financial statements of Signature Bancshares, Inc. for the three years ended December 31, 2003 (Signature Bancshares and City Bancorp merged in 2003, with City Bancorp surviving as the legal entity and Signature Bancshares the survivor for accounting purposes), unaudited financial statements of City Bancorp contained in its quarterly report for the quarter ended June 30, 2006, and consolidated financial statements prepared by City Bancorp for the quarter ended June 30, 2006;

reviewed and analyzed the audited consolidated financial statements of BancorpSouth included in its Annual Reports on Form 10-K for the five years ended December 31, 2005, its Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, and its quarterly earnings press release on Form 8-K dated October 19, 2006 for the quarter ended September 30, 2006;

reviewed the reported prices and trading activity of the publicly traded common equity securities of BancorpSouth and the historical prices and trading volume of the common stock of City Bancorp;

reviewed and analyzed certain other publicly available information concerning City Bancorp and BancorpSouth;

held discussions with BancorpSouth's senior management, including estimates of certain cost savings, operating synergies, and merger charges;