YUM BRANDS INC
Form 4
February 08, 2016

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Stock Elane B

(Last) (First) (Middle)

1400 HOLCOMB BRIDGE ROAD

(Street)

ROSWELL, GA 30076

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
YUM BRANDS INC [YUM]

3. Date of Earliest Transaction (Month/Day/Year)
02/05/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and A Underlying Se (Instr. 3 and 4

	Derivative Security					(D) (Instr. 3, 4, and 5)				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Stock Appreciation Right	$ 69.76	02/05/2016		A		3,139		02/05/2016	02/05/2026	Common Stock
Phantom Stock	[(1)](#)	02/05/2016		A		2,866.9725		[(2)](#)	[(3)](#)	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Stock Elane B 1400 HOLCOMB BRIDGE ROAD ROSWELL, GA 30076	X			

Signatures

/s/ M. Gayle Hobson, POA	02/08/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Conversion occurs on a one-for-one basis.

(2) Payments are made in accordance with elections on file.

(3) Phantom units accrued under the YUM! Brands, Inc. Director Deferred Compensation Plan do not have expiration dates.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. nbsp;

(3) Filing Party: ______________________________

(4) Date Filed: ______________________________

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[BancorpSouth logo]

One Mississippi Plaza
201 South Spring Street
Tupelo, Mississippi 38804

March 26, 2003

TO THE SHAREHOLDERS OF
BANCORPSOUTH, INC.

On Tuesday, April 22, 2003, at 7:00 p.m. (Central Time), the annual meeting of shareholders of BancorpSouth, Inc. will be held at the Ramada Inn Convention Center, 854 North Gloster Street, Tupelo, Mississippi. Dinner will be served. You are cordially invited to attend and participate in the meeting.

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

Whether you plan to attend the meeting or not, I urge you to vote your proxy as soon as possible to assure your representation at the meeting. For your convenience, you can vote your proxy by: (i) touch-tone telephone or (ii) completing, signing, dating and returning the enclosed proxy card. Instructions regarding both methods of voting are contained in the Proxy Statement and on the enclosed proxy card. If you attend the annual meeting and desire to vote your shares personally rather than by proxy, you may withdraw your proxy at any time before it is exercised.

If you plan to attend the dinner portion of the annual meeting, please be sure to complete and return the enclosed reservation card.

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

Sincerely,

/s/ Aubrey B. Patterson

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

Enclosures:
1. Proxy Card and Business Reply Envelope
2. Meeting Reservation Card
3. Householding Notice
4. Annual Report to Shareholders

YOUR VOTE IS VERY IMPORTANT . . . VOTE YOUR PROXY VIA TOUCH-TONE TELEPHONE OR BY COMPLETING, SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD PROMPTLY.

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[BancorpSouth logo]

One Mississippi Plaza
201 South Spring Street
Tupelo, Mississippi 38804

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 22, 2003

TO THE SHAREHOLDERS OF
BANCORPSOUTH, INC.

The annual meeting of shareholders of BancorpSouth, Inc. will be held on Tuesday, April 22, 2003, at 7:00 p.m. (Central Time) at the Ramada Inn Convention Center, 854 North Gloster Street, Tupelo, Mississippi, for the following purposes:

(1) To elect five directors;

(2) To approve the BancorpSouth, Inc. Executive Performance Incentive Plan;

(3) To ratify the appointment of the accounting firm of KPMG LLP as independent auditors of BancorpSouth, Inc. and its subsidiaries for the year ending December 31, 2003; and

(4) To transact such other business as may properly come before the annual meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 7, 2003 as the record date for determining shareholders entitled to notice of and to vote at the meeting.

By order of the Board of Directors,

/s/ Aubrey B. Patterson

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

March 26, 2003

IMPORTANT:

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

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[BancorpSouth logo]

One Mississippi Plaza
201 South Spring Street
Tupelo, Mississippi 38804

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by our Board of Directors, to be voted at our annual meeting of shareholders to be held at the Ramada Inn Convention Center, 854 North Gloster Street, Tupelo, Mississippi, on April 22, 2003, at 7:00 p.m. (Central Time), for the purposes set forth in the accompanying notice, and at any adjournment thereof. This Proxy Statement and the accompanying form of proxy card are first being sent to shareholders on or about March 26, 2003.

If your proxy is properly given and not revoked, it will be voted in accordance with the instructions, if any, given by the shareholder, and if no instructions are given, it will be voted (i) **FOR** the election as directors of the nominees listed in this Proxy Statement, (ii) **FOR** the approval of the BancorpSouth, Inc. Executive Performance Incentive Plan, (iii) **FOR** ratification of the appointment of the accounting firm of KPMG LLP as independent auditors for us and our subsidiaries for the year ending December 31, 2003 and (iv) in accordance with the recommendations of our Board of Directors on any other proposal that may properly come before the annual meeting.

Shareholders are encouraged to vote their proxies either by (i) touch-tone telephone or (ii) completing, signing, dating and returning the enclosed proxy card, but ***not*** by both methods. If you do vote by both methods, only the last vote that is submitted will be counted and each previous vote will be disregarded. Shareholders who vote by proxy using either method before the annual meeting have the right to revoke the proxy at any time before it is exercised by submitting a written request to us or by voting another proxy at a later date. The grant of a proxy will not affect the right of any shareholder to attend the meeting and vote in person.

Pursuant to the Mississippi Business Corporation Act and our governing documents, a proxy voted by touch-tone telephone has the same validity as one voted by mail. In order to vote by touch-tone telephone, shareholders need the ten-digit Control Number found on their proxy card. To vote by touch-tone telephone, call 1-800-542-1160, enter the ten-digit Control Number and follow the simple instructions to vote on the proposals described below and on the proxy card. This toll-free call can be made at anytime until 10:59 p.m. (Central Time) on April 21, 2003, the day prior to the annual meeting, and should not require more than a few minutes to complete. To vote your proxy by mail, please complete, sign, date and return the enclosed proxy card in the enclosed business reply envelope.

To vote by telephone, you need to follow these instructions. If you wish to vote as the Board of Directors recommends for all proposals, press 1 when prompted. If you wish to vote on each proposal separately, press 0 when prompted. When voting on Proposal 1, which relates to the election of directors, press 1 to vote for all nominees, press 9 to withhold your vote for all nominees and press 0 to withhold your vote for individual nominees. If you withhold your vote for an individual nominee, you will be prompted for the two-digit number located next to the nominee s name on the proxy card. For all other proposals, press 1 to vote for the proposal, press 9 to vote against the proposal or press 0 to abstain from voting on the proposal.

The close of business on March 7, 2003 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at this year s annual meeting. As of such date, we had 500,000,000 authorized shares of common stock, $2.50 par value (the Common Stock), of which 77,456,497 shares were outstanding and entitled to vote. The Common Stock is our only outstanding voting stock.

PROPOSAL 1: ELECTION OF DIRECTORS

Introduction

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

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

Nominees

The Board of Directors has nominated the four individuals named below under the caption Class I Nominees for election as directors to serve until the annual meeting of shareholders in 2006, or until their earlier retirement in accordance with the policy of the Board of Directors. In addition, the Board of Directors has nominated the individual named below under the caption Class III Nominee for election as a director to serve until the annual meeting of shareholders in 2004, or until his earlier retirement in accordance with the policy of the Board of Directors. This Class III Nominee is being nominated to fill the vacancy created by the retirement of Shed H. Davis. Our retirement policy for directors provides that a director not stand for re-election to the Board after reaching his or her 70th birthday, unless the Board determines that BancorpSouth would significantly benefit from such director serving another term due to his or her advice, expertise and influence. At the end of this term, the Board may, in its discretion, re-nominate such person for another term. If the Board does not re-nominate a former director for another term after his or her 70th birthday, or such person is not re-elected by our shareholders, the person would then serve as a Director Emeritus for a one year term, while being eligible for re-election as a Director Emeritus by the Board annually. The Board has determined that BancorpSouth would significantly benefit from the continued service of Travis E. Staub as a director and has accordingly re-nominated him for another term.

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

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

Name	Age	Principal Occupation/Other Directorships	Director Since
Class I Nominees Term Expiring in 2006			
Hassell H. Franklin	67	Chief Executive Officer, Franklin Corp., Houston, Mississippi (furniture manufacturer)	1974
Robert C. Nolan	61	Chairman of the Board, Deltic Timber Corporation, El Dorado, Arkansas (timber production); Managing Partner, Munoco Company, El Dorado, Arkansas (oil and gas exploration and production)	2000
W. Cal Partee, Jr.	58	Partner, Partee Flooring Mill, Oil and Timber Investments, Magnolia, Arkansas (oil and lumber production)	2000
Travis E. Staub	70	Vice Chairman, JESCO, Inc., Fulton, Mississippi (construction and engineering)	1975
Class III Nominee Term Expiring in 2004			
Guy W. Mitchell, III	59	Vice President and Attorney at Law, Mitchell, McNutt and Sams, P.A., Tupelo, Mississippi	N/A

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Continuing Directors

The persons named below will continue to serve as directors until the annual meeting of shareholders in the year indicated. Shareholders are not voting on the election of the Class III and Class II directors listed below. The following table shows the names, ages, principal occupations and other directorships of each continuing director, and the year in which each was first elected to the Board of Directors.

Name	Age	Principal Occupation/Other Directorships	Director Since
Class III Term Expiring in 2004			
Aubrey B. Patterson	60	Chairman of the Board and Chief Executive Officer of BancorpSouth, Inc. and BancorpSouth Bank	1983
Larry G. Kirk	56	Chairman of the Board and Chief Executive Officer, Hancock Fabrics, Inc., Tupelo, Mississippi (fabric retailer and wholesaler)	2002
R. Madison Murphy	45	Director, Murphy Oil Corporation, El Dorado, Arkansas (oil and gas exploration and production); Director, Deltic Timber Corporation, El Dorado, Arkansas (timber production)	2000
Class II Term Expiring in 2005			
W. G. Holliman, Jr.	65	Chairman of the Board, President and Chief Executive Officer, Furniture Brands International, Inc., St. Louis, Missouri and Tupelo, Mississippi (furniture manufacturer)	1994
James V. Kelley	53	Chief Operating Officer and President of BancorpSouth, Inc. and BancorpSouth Bank; Chairman of the Board, President and Chief Executive Officer, First United Bancshares, Inc., El Dorado, Arkansas (bank holding company) (1987-2000)	2000
Turner O. Lashlee	66	Chairman of the Board, Lashlee-Rich, Inc., Humboldt, Tennessee (general construction, construction management and retail building materials supplier)	1992
Alan W. Perry	55	Attorney at Law, Forman, Perry, Watkins, Krutz & Tardy, PLLC, Jackson, Mississippi	1994

Each of the nominees and continuing directors has had the principal occupation indicated for more than five years, unless otherwise indicated. Messrs. Murphy and Nolan are first cousins.

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

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PROPOSAL 2: APPROVAL OF EXECUTIVE PERFORMANCE INCENTIVE PLAN

On February 14, 2003, the Board of Directors adopted the BancorpSouth, Inc. Executive Performance Incentive Plan (the Incentive Plan), subject to the approval of our shareholders. The Incentive Plan provides for the payment of cash incentive bonuses to participants based upon the achievement of performance goals established annually by the Executive Compensation and Stock Incentive Committee of the Board of Directors. We are asking you to approve the Incentive Plan so that we may deduct for federal income tax purposes compensation paid under the Incentive Plan. Our intention is to adopt and administer the Incentive Plan in a manner that maximizes the deductibility of compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

If the Incentive Plan is approved by our shareholders at the annual meeting, it will become effective without further action as of January 1, 2004 and will continue until terminated by the Board of Directors. The Incentive Plan is described below. The description is qualified in its entirety by reference to the full text of the Incentive Plan, which is attached as Appendix A to this Proxy Statement.

Purpose of the Incentive Plan

The Incentive Plan is designed to qualify as performance-based compensation under Section 162(m) of the Code. Under Section 162(m), we may not deduct for federal income tax purposes compensation paid to certain covered employees (generally the chief executive officer and the four highest paid executive officers other than the chief executive officer) in any taxable year to the extent that any of these persons receives more than $1 million in compensation in any one year. However, if we pay compensation that is performance-based under Section 162(m), we can receive a federal income tax deduction for the compensation even if such compensation exceeds $1 million in a single year. In order for compensation to qualify as performance-based for this purpose, it must meet certain conditions, one of which is that the material terms of the performance goals under which the compensation is to be paid must be disclosed to, and approved by, our shareholders.

As with all our incentive plans, the Incentive Plan is intended to increase shareholder value and our success by encouraging outstanding performance by certain of our executive officers. These goals are to be achieved by providing eligible executive officers with incentive awards based on the achievement of goals relating to our performance. We currently award cash bonuses to our executives under the BancorpSouth, Inc. Home Office Incentive Plan (the Home Office Plan). We describe the Home Office Plan, along with our other compensation arrangements, in the Executive Compensation and Stock Incentive Committee Report on Executive Compensation contained in this Proxy Statement. Participants in the Incentive Plan will not be eligible to participate in the Home Office Plan. We expect that the Incentive Plan will operate substantially similar to the Home Office Plan.

Although we have no present intention of paying cash incentive bonuses to participants in the Incentive Plan that do not qualify as performance-based compensation under Section 162(m) once the Incentive Plan is effective, approval of this proposal will not preclude us from doing so, including, but not limited to, paying cash incentive bonuses outside the Incentive Plan. We expect that any such payments would only be made under extraordinary circumstances. If the Incentive Plan is not approved by our shareholders at the annual meeting, we will not make any payments under the Incentive Plan. In such event, the Incentive Plan will not take effect, but the Executive Compensation and Stock Incentive Committee will have the ability to award cash bonuses to individuals who would have been participants in an amount that the committee deems reasonable and appropriate at that time. We may not be able to deduct for federal income tax purposes a portion of these cash bonuses.

Business Criteria for Performance Goals

The Executive Compensation and Stock Incentive Committee may take into account several factors when establishing the performance goals each year. However, the performance goals established by the Executive Compensation and Stock Incentive Committee must be objectively determinable goals based on targeted levels of return on average equity and targeted levels of deposits and other funding sources.

Operation of the Incentive Plan

The Executive Compensation and Stock Incentive Committee will administer the Incentive Plan. Executive officers who are covered employees and whose projected taxable compensation for a year may be greater than

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$1 million are eligible to be selected by the Executive Compensation and Stock Incentive Committee to participate in the Incentive Plan. No later than 90 days after the beginning of the year, the Executive Compensation and Stock Incentive Committee will specify in writing the target amount of cash bonus compensation payable to each participant, the maximum amount of cash bonus compensation payable to each participant, the performance goals upon which each participant s cash bonus is conditioned and the formula to determine the amount payable to each participant based on the achievement of the specified goals. The amount of the cash bonus may vary among participants and from year to year, but the maximum cash bonus payable to any participant under the Incentive Plan in a year is $4 million.

As soon as possible after the end of each year, the Executive Compensation and Stock Incentive Committee will certify in writing for each participant whether the performance goals for that year and any other material conditions have been met. If these goals and conditions have been met, the Executive Compensation and Stock Incentive Committee may award the participant the cash incentive bonus. The Executive Compensation and Stock Incentive Committee has discretion to reduce or eliminate, but not increase, an amount that is payable to a participant under the Incentive Plan. Any incentive bonuses will be paid in cash as soon as practicable following the end of the fiscal year, or earlier upon a change in control, as described below.

Change in Control

If we experience a change in control (as defined in the Incentive Plan), the Executive Compensation and Stock Incentive Committee will pay the maximum amount payable under the incentive bonus to all participants in the Incentive Plan. The bonus will be paid as soon as practicable following the change in control.

Death, Disability and Retirement

Upon the death or disability (as defined in the Incentive Plan) of a participant in the Incentive Plan during the course of the year, the Executive Compensation and Stock Incentive Committee may pay the cash bonus whether or not the performance goals have been achieved. The Executive Compensation and Stock Incentive Committee may, in its discretion, award either a cash bonus as if we employed the participant for the entire year or prorate the cash bonus for the number of months we employed the participant. The bonus will be paid after the end of the year when we pay all other bonuses.

When a participant retires (as defined in the Incentive Plan) during the course of the year, the Executive Compensation and Stock Incentive Committee may pay the cash bonus to the participant if all of the performance goals were achieved. The Executive Compensation and Stock Incentive Committee may, in its discretion, award either a cash bonus as if we employed the participant for the entire year or prorate the cash bonus for the number of months we employed the participant. The bonus will be paid after the end of the year when we pay all other bonuses.

Amendment and Termination of the Incentive Plan

The Board of Directors may amend or terminate the Incentive Plan at any time and for any reason. No amendment that would modify the material terms of the Incentive Plan, including the performance goals, will be effective until approved by our shareholders in a manner that satisfies the shareholder approval requirements of Section 162(m).

Federal Income Tax Consequences

Under present federal income tax law, participants will realize ordinary income equal to the amount of the bonus received in the year of receipt. We will receive a deduction for the amount constituting ordinary income to the participant, provided that the Incentive Plan satisfies the requirements of Section 162(m). As described above, Section 162(m) limits the deductibility of compensation not based on performance that is paid to certain corporate executives.

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Awards Granted to Certain Individuals and Groups

Awards that will be issued under the Incentive Plan will be determined based on our actual performance compared to certain performance goals that will be established by the Executive Compensation and Stock Incentive Committee, so awards under the Incentive Plan (if any) cannot now be determined.

Vote Required

Approval of the Incentive Plan requires the affirmative vote of the holders of a majority of the shares of Common Stock represented at the annual meeting and entitled to vote on the proposal.

The Board of Directors recommends that shareholders vote FOR approval of the BancorpSouth, Inc. Executive Performance Incentive Plan.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2002 with respect to compensation plans (including individual compensation arrangements) under which shares of our Common Stock are authorized for issuance.

Equity Compensation Plans:	Number of shares to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options and rights	Number of shares remaining available for future issuance under equity compensation plans (1)
Approved by security holders (2)	2,663,437	$ 15.88	4,031,559
Not approved by security holders (3)	148,666(4)	(5)	116,702
Total	2,812,103	$ 15.88	4,148,261

(1) Excludes shares to be issued upon exercise of outstanding options and rights.

(2) The plans that have been approved by our shareholders include the 1990 Stock Incentive Plan, the 1994 Stock Incentive Plan and the 1995 Non-Qualified Stock Option Plan for Non-Employee Directors.

(3) The plans that have not been approved by our shareholders include the 1998 Director Stock Plan, the 1998 Stock Option Plan, the Stock Bonus Agreement with Aubrey B. Patterson, Jr., the Stock Bonus Agreement with James V. Kelley, an agreement between Robert M. Althoff and BancorpSouth Bank and an agreement between Dabbs Cavin and BancorpSouth Bank. We have reserved no shares for issuance under the 1998 Director Stock Plan because we have historically funded the plan with shares acquired through open market purchases.

(4) Includes 70,000 shares held in escrow under the Stock Bonus Agreement with Mr. Patterson, 60,000 shares held in escrow under the Stock Bonus Agreement with Mr. Kelley and 18,666 shares to be issued under the agreements with Mr. Althoff and Mr. Cavin.

(5) Does not reflect shares held in escrow or shares to be issued under the agreements with Mr. Althoff and Mr. Cavin because they have no exercise price.

The material features of our equity compensation plans that have not been approved by our shareholders are described below. These descriptions are qualified in their entirety by reference to the plan documents that have been filed with the Securities and Exchange Commission (SEC) from time to time.

BancorpSouth, Inc. 1998 Director Stock Plan

We established the BancorpSouth, Inc. 1998 Director Stock Plan (the Director Stock Plan) to provide for payment of at least 50% of a director s compensation in the form of our Common Stock in order to more closely align the interests of the directors with those of our shareholders. The Director Stock Plan permits directors to elect to receive all or a portion of the remaining 50% of the director s compensation in the form of Common Stock. All non-employee members of our Board of Directors and the Board of Directors of BancorpSouth Bank are eligible to participate in this plan. Because we historically have funded the Director Stock Plan with shares that we have acquired through open market purchases, we have not reserved any shares for issuance under the Director Stock Plan. The plan will continue until terminated by our Board of Directors.

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BancorpSouth, Inc. 1998 Stock Option Plan

We established the BancorpSouth, Inc. 1998 Stock Option Plan (the 1998 Stock Option Plan) to provide equity-based awards to certain employees, former employees and independent contractors and to replace equity-based awards held by former employees of banks that we acquire through mergers or acquisitions. The plan is administered by the Executive Compensation and Stock Incentive Committee and will continue until terminated by our Board of Directors. The Executive Compensation and Stock Incentive Committee has the power to grant stock options or restricted stock under the plan.

The exercise price of a stock option awarded under this plan generally will not be less than 100% of the fair market value of a share of Common Stock on the date it is granted. We have reserved 235,000 shares for issuance under the plan. As of December 31, 2002, 116,702 shares were available for issuance under the 1998 Stock Option Plan. An option will be exercisable on any date established by the Executive Compensation and Stock Incentive Committee or provided for in a stock option agreement, but in no event will it be exercisable after the expiration of 10 years from the date it was granted or five years if the option is granted to a shareholder who holds more than 10% of our Common Stock. All incentive options will terminate on the date the participant s employment with BancorpSouth terminates, except as otherwise provided in a participant s stock option agreement with respect to termination of employment, death, disability or a change in control of BancorpSouth. If the stock option agreement with a participant does not address the effect of a change in control of BancorpSouth, then all outstanding stock options and shares of restricted stock will vest, and these outstanding stock options will become exercisable, immediately prior to the change in control.

Individual Compensation Arrangements

We have individual compensation arrangements with some of our executives and employees. Each of these arrangements are similar in that we award shares of our Common Stock to these executives and employees that are incrementally released upon the attainment of specified performance goals. Each of these arrangements are described below.

For Mr. Patterson s services, we awarded him 126,000 shares of our Common Stock which are held in escrow pursuant to a Stock Bonus Agreement, dated as of January 30, 1998 and amended as of January 30, 2000 and January 31, 2001 (the 1998 Stock Bonus Agreement). If we achieve either a 0.9% return on average assets or a 12.825% return on average equity in our prior fiscal year, 14,000 shares are released from escrow to Mr. Patterson on April 1 of each year through 2007. If we do not achieve these performance criteria, then the shares will continue to be held in escrow until the earlier of termination or expiration of the term of the 1998 Stock Bonus Agreement. Upon the expiration of the 1998 Stock Bonus Agreement, the remaining shares held in escrow will be released to Mr. Patterson unless we terminate the agreement prior to its expiration. Mr. Patterson has no right to transfer shares that are held in escrow, but is entitled to vote the shares as well as receive all dividends paid on the shares held in escrow. In consideration for the award of these shares, Mr. Patterson agreed to a non-competition covenant for two years from the date of termination of the 1998 Stock Bonus Agreement unless the 1998 Stock Bonus Agreement is terminated by Mr. Patterson after a change in control of BancorpSouth. If Mr. Patterson terminates his employment after a change in control of BancorpSouth, Mr. Patterson will be entitled to receive all of the shares held in escrow. Also, Mr. Patterson agreed not to solicit for employment any of our employees for two years after termination of the 1998 Stock Bonus Agreement.

For Mr. Kelley s services and to replace his Severance Agreement with First United Bancshares, Inc., we awarded him 100,000 shares of our Common Stock which are held in escrow pursuant to a Stock Bonus Agreement, dated as of April 16, 2000 and amended as of July 24, 2000 (the 2000 Stock Bonus Agreement). If we achieve either a 0.9% return on average assets or a 12.825% return on average equity in our prior fiscal year, 20,000 shares are released from escrow to Mr. Kelley on August 31 of each year through 2005. If we do not achieve these performance criteria, then the shares will continue to be held in escrow until the earlier of termination or expiration of the term of the 2000 Stock Bonus Agreement. Upon the expiration of the 2000 Stock Bonus Agreement, the remaining shares held in escrow will be released to Mr. Kelley unless we terminate the agreement prior to its expiration. Mr. Kelley has no right to transfer shares that are held in escrow, but is entitled to vote the shares as well as receive all dividends paid on the shares held in escrow. In consideration for the award of these shares, Mr. Kelley agreed to a non-competition covenant until April 16, 2005 unless the 2000 Stock Bonus Agreement is terminated sooner by Mr. Kelley after a change in control of BancorpSouth. If Mr. Kelley terminates his employment after a change in control of BancorpSouth, Mr. Kelley will be entitled to receive all of the shares held in escrow. Also, Mr. Kelley agreed not to solicit for employment any of our employees until April 16, 2005.

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In return for Robert M. Althoff s services and to replace his Executive Services Agreement with Pinnacle Bancshares, Inc., BancorpSouth Bank employed Mr. Althoff as of the close of business on February 28, 2002 through December 31, 2004 pursuant to an agreement dated as of November 14, 2001. We awarded Mr. Althoff 20,000 shares of our Common Stock pursuant to this agreement. The shares vest in increments of 6,667, 6,667, and 6,666 shares on each of December 31, 2002, December 31, 2003 and December 31, 2004, respectively, assuming that certain performance criteria are achieved. If these performance criteria are not achieved for any such year, the shares that would have been released will be carried over to a subsequent calendar year and become subject to release to Mr. Althoff in a subsequent year if the performance criteria are attained. Upon the expiration of the agreement, the remaining shares will be released to Mr. Althoff unless we terminate the agreement prior to its expiration. Mr. Althoff has no right to transfer shares until they are awarded to him, but is entitled to vote the shares as well as receive all dividends paid with respect thereto. Upon a change in control of BancorpSouth, all shares that have not vested will be released. In consideration for the award of these shares, Mr. Althoff agreed to anti-piracy and non-competition covenants for a period commencing on the date of his termination until December 31, 2004 if we terminate his employment for cause or he voluntarily terminates his employment. Also, Mr. Althoff agreed to a non-solicitation covenant for the same period if we terminate his employment for cause, we terminate his employment without cause or he voluntarily terminates his employment.

In return for Dabbs Cavin s services and to replace his Executive Services Agreement with Pinnacle Bancshares, Inc., BancorpSouth Bank employed Mr. Cavin as of the close of business on February 28, 2002 through December 31, 2004 pursuant to an agreement dated as of November 14, 2001. We awarded Mr. Cavin 8,000 shares of our Common Stock pursuant to this agreement. The shares vest in increments of 2,667, 2,667, and 2,666 shares on each of December 31, 2002, December 31, 2003 and December 31, 2004, respectively, assuming that certain performance criteria are achieved. If these performance criteria are not achieved for any such year, the shares that would have been released will be carried over to a subsequent calendar year and become subject to release to Mr. Cavin in a subsequent year if the performance criteria are attained. Upon the expiration of the agreement, the remaining shares will be released to Mr. Cavin unless we terminate the agreement prior to its expiration. Mr. Cavin has no right to transfer shares until they are awarded to him, but is entitled to vote the shares as well as receive all dividends paid with respect thereto. Upon a change in control of BancorpSouth, all shares that have not vested will be released. In consideration for the award of these shares, Mr. Cavin agreed to anti-piracy and non-competition covenants for a period commencing on the date of his termination until December 31, 2004 if we terminate his employment for cause or he voluntarily terminates his employment. Also, Mr. Cavin agreed to a non-solicitation covenant for the same period if we terminate his employment for cause, we terminate his employment without cause or he voluntarily terminates his employment.

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PROPOSAL 3: SELECTION OF AUDITORS

The Audit Committee of the Board of Directors has selected the accounting firm of KPMG LLP as independent auditors of BancorpSouth and its subsidiaries for the year ending December 31, 2003, subject to the approval of our shareholders. This firm has served as our independent auditors since 1973.

In addition to rendering audit services for the year ended December 31, 2002, KPMG LLP performed various other services for us and our subsidiaries. The aggregate fees billed for the services rendered to us by KPMG LLP for 2002 were as follows:

Audit Fees	$345,000
Financial Information Systems Design and Implementation Fees	$
All Other Fees(1)	$288,873

(1) Includes services for employee benefit plan audits, audits of subsidiaries, due diligence for acquisitions, registration statement review, regulatory compliance review, accounting consultations, tax compliance and consultations and other consultations.

The Audit Committee has considered whether the provision of non-audit services by KPMG LLP to BancorpSouth is compatible with maintaining KPMG LLP s independence.

The affirmative vote of a majority of the shares of Common Stock represented at the annual meeting and entitled to vote is needed to ratify the appointment of KPMG LLP as auditors of BancorpSouth and its subsidiaries for the year ending December 31, 2003. If the appointment is not approved, the matter will be referred to the Audit Committee for further review. Representatives of KPMG LLP will be at the annual meeting, will have an opportunity to make a statement if they desire and will be available to respond to appropriate questions.

The Board of Directors recommends that shareholders vote FOR ratification of the appointment of KPMG LLP as independent auditors.

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MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES

During 2002, our Board of Directors held 4 meetings. Each director attended at least 75% of the meetings of the Board of Directors and all committees on which such director served. The Board of Directors has established the standing committees described below.

The Executive Committee acts on behalf of the Board of Directors on all matters concerning the management and conduct of our business and affairs except those matters which cannot by law be delegated by the Board of Directors. Generally, the Executive Committee meets monthly. The Executive Committee held 11 meetings during 2002. The current members of the Executive Committee are Messrs. Patterson (Chairman), Franklin, Holliman, Kelley, Lashlee, Nolan and Staub.

The Audit Committee is responsible for determining the effectiveness of internal controls and operational procedures, compliance with applicable policies, regulations and laws, the selection and engagement of our independent auditors and supervision of the annual audit. The Audit Committee is currently composed of Messrs. Kirk (Chairman), Davis and Murphy. This committee met 11 times during 2002.

The Executive Compensation and Stock Incentive Committee reviews and approves the salaries, benefits and other compensation of our executive officers. The committee also administers our Home Office Plan, 1990 and 1994 Stock Incentive Plans and the 1998 Stock Option Plan, and will administer the Incentive Plan if approved by our shareholders. The current members of this committee are Messrs. Staub (Chairman), Holliman and Lashlee. This committee met 2 times during 2002.

The Nominating Committee recommends to the Board of Directors nominees for election to the Board. The current members of this committee are Messrs. Franklin (Chairman), Holliman, Lashlee, Nolan and Staub. The Nominating Committee met 4 times during 2002.

COMPENSATION OF DIRECTORS

Directors who are also our employees receive no additional compensation for serving on our Board of Directors or any committee thereof. Non-employee directors receive an annual retainer of $4,200, and are paid a meeting fee of $500 for each regular or special meeting attended. Members of the Executive Committee receive a fee of $1,100 for each committee meeting attended. Chairmen of standing or special committees of the Board of Directors receive an annual fee of $1,200 for serving as such. Members of other standing committees receive $600 for each committee meeting attended. In addition, each of our directors serves on the Board of Directors of BancorpSouth Bank. Each director of BancorpSouth Bank who is not an employee of BancorpSouth Bank is paid $1,200 for each regular or special meeting of the Board of Directors of BancorpSouth Bank attended. Directors are reimbursed for necessary travel expenses and are insured under our group life insurance plan for amounts of $15,000 to age 65 and $9,750 from age 65 until reaching age 70.

At least 50% of the director fees are paid in the form of Common Stock pursuant to the Director Stock Plan. In addition, the Director Stock Plan permits each director to elect to receive the remaining portion of his or her director fees in cash or Common Stock, or defer the receipt of the cash fee through a compensation deferral arrangement.

Each of our non-employee directors also participates in our 1995 Non-Qualified Stock Option Plan For Non-Employee Directors (the Directors Option Plan). The Directors Option Plan provides for the grant of stock options to participating directors on May 1 of each year. Options can be exercised at any time after the date of the annual meeting of shareholders that follows the date of grant by at least six months, provided that the director continuously serves during that term. The exercise price of an option is the fair market value of the Common Stock on the date of grant. Options expire upon the earlier of ten years after the date of grant or termination of service as a director. Through 1997, each option grant included an award of stock appreciation rights (SARs) equal to 50% of the number of shares of Common Stock subject to the related option. SARs entitle each optionee to receive cash payments from us based on the excess of the fair market value per share of Common Stock on the date on which an SAR is exercised over the purchase price per share of the underlying option. SARs are exercisable only to the extent that the underlying option is exercisable and terminate when the option terminates. The provisions permitting the future grant of SARs were eliminated effective January 1, 1998, and the annual awards of options were modified to provide that, on May 1 of each year, each participating director will be granted options to purchase 3,600 shares of Common Stock. Such options become fully vested at the annual meeting of shareholders following the date of grant by at least six months. The Directors Option Plan is administered by our Board of Directors, which may not deviate

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from the express annual awards provided for in the Directors Option Plan. A total of 384,000 shares of Common Stock have been reserved for issuance under the Directors Option Plan. As of January 31, 2003, options to purchase 300,764 shares of Common Stock have been granted under the Directors Option Plan, of which options to purchase 63,696 shares have been exercised.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires our directors and executive officers, and persons who own more than 10% of the outstanding shares of our Common Stock, to file initial reports of ownership and reports of changes in ownership of our Common Stock with the SEC. These officers, directors and greater than 10% shareholders are required to furnish us with copies of all Section 16(a) forms they file. There are specific due dates for these reports, and we are required to report in this Proxy Statement any failure to file reports as required for 2002.

Based solely upon a review of the copies of reports furnished to us and written representations that no other reports were required, we believe that these reporting and filing requirements were complied with for 2002, except that we have been advised that Mr. Staub failed to report timely the disposition of 4,800 shares of our Common Stock in May 2002. This transaction was subsequently reported.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of January 31, 2003, with respect to the beneficial ownership of Common Stock by (i) each person known by us to be the beneficial owner of more than 5% of the outstanding shares of our Common Stock, (ii) all directors and nominees, (iii) each of our executive officers named in the Summary Compensation Table set forth below in the section captioned EXECUTIVE COMPENSATION, and (iv) all our directors and executive officers as a group.

	Shares Beneficially Owned (1)	Percentage of Class
BancorpSouth, Inc. Amended and Restated Salary Deferral Profit Sharing Employee Stock Ownership Plan, One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi 38804	6,123,370	7.88%
Harry R. Baxter	100,247(2)	*
W. Gregg Cowsert	85,551	*
Shed H. Davis	223,893(3)	*
Hassell H. Franklin	1,033,917	1.33
W. G. Holliman, Jr.	571,001(4)	*
James V. Kelley	271,696(5)	*
Larry G. Kirk	5,980	*
Turner O. Lashlee	75,103	*
Guy W. Mitchell, III	11,782	*
R. Madison Murphy	543,948(6)	*
Robert C. Nolan	599,943(7)	*
W. Cal Partee, Jr.	284,658(8)	*
Aubrey B. Patterson	781,635(9)	1.01
Alan W. Perry	50,633	*
Michael L. Sappington	127,181	*
Travis E. Staub	76,849(10)	*
All directors and executive officers as a group (21 persons)	5,188,744	6.68

* Less than 1%.

(1) Beneficial ownership is deemed to include shares of Common Stock which an individual has a right to acquire within 60 days after January 31, 2003, including upon the exercise of options granted under our 1990 and 1994 Stock Incentive Plans and the Directors Option Plan. These shares are deemed to be outstanding for the purposes of computing the percentage ownership of that individual, but are not deemed outstanding for the purposes of computing the percentage of any other person. Information in the table for individuals also includes shares held in our Amended and Restated Salary Deferral Profit Sharing Employee Stock Ownership Plan (the 401(k) Plan) and in individual retirement accounts for which the shareholder can direct the vote.

(2) Includes 35,679 shares owned by Mr. Baxter s wife, of which Mr. Baxter disclaims beneficial ownership.

(3) Includes 2,800 shares held as custodian for Mr. Davis grandchildren, of which Mr. Davis disclaims beneficial ownership, 38,390 shares owned by Mr. Davis wife, of which Mr. Davis disclaims beneficial ownership, and 82,800 shares held in a trust of which Mr. Davis is the beneficiary.

(4) Includes 116,863 shares owned by Mr. Holliman s wife, of which Mr. Holliman disclaims beneficial ownership.

(5) Includes 60,000 shares beneficially owned by Mr. Kelley pursuant to the 2000 Stock Bonus Agreement, over which he exercises voting power.

(6) Includes 23,644 shares held in trusts of which Mr. Murphy is the trustee for the benefit of his minor children, of which Mr. Murphy disclaims beneficial ownership, 776 shares held in trusts of which Mr. Murphy is the trustee for the benefit of his minor nephew, of which Mr. Murphy disclaims beneficial ownership, 22,877 shares held in trusts of which other persons are the trustees for the benefit of Mr. Murphy s minor children, of which Mr. Murphy disclaims beneficial ownership, 10,020 shares owned by Mr. Murphy s wife, of which Mr. Murphy disclaims beneficial ownership, 48,288 shares beneficially owned in trusts of which Mr. Murphy is not a trustee but has residuary interests, and 297,718 shares held by a limited partnership that is controlled by a limited liability company of which Mr. Murphy is a member.

(7) Includes 4,227 shares owned by Mr. Nolan s wife, of which Mr. Nolan disclaims beneficial ownership, and 416,194 shares held in trusts of which Mr. Nolan is the co-trustee for the benefit of nieces, nephews, children and lineal descendants of the four co-trustees, of which Mr. Nolan disclaims beneficial ownership.

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(8) Includes 330 shares owned by Mr. Partee s wife, of which Mr. Partee disclaims beneficial ownership, and 5,208 shares held by Mr. Partee s wife as custodian for the benefit of Mr. Partee s children, of which Mr. Partee disclaims beneficial ownership.

(9) Includes 70,000 shares beneficially owned by Mr. Patterson pursuant to the 1998 Stock Bonus Agreement, over which he exercises voting power.

(10) Includes 12,130 shares owned by Mr. Staub s wife, of which Mr. Staub disclaims beneficial ownership.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information concerning compensation paid or accrued by us and our subsidiaries for each of the last three years with respect to (i) the Chief Executive Officer and (ii) our four other most highly compensated executive officers whose total salary and bonus for 2002 exceeded $100,000 (collectively, the Named Executive Officers).

Summary Compensation Table

		Long-Term Compensation			
	Annual Compensation	Awards		Payouts	
	Other Annual	Restricted Stock	Securities Underlying	LTIP	All Other