

GILEAD SCIENCES INC
Form CT ORDER
October 04, 2012

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of January 31, 2005, 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 of our directors and executive officers as a group. We relied on information supplied by our directors, executive officers and beneficial owners for purposes of this table.

Names**	Shares Beneficially Owned (1)	Percentage of Class
BancorpSouth, Inc. Amended and Restated Salary Deferral Profit Sharing Employee Stock Ownership Plan	6,353,359	8.1%
Larry D. Bateman	61,801(2)	*
W. Gregg Cowsert	116,597(3)	*
Hassell H. Franklin	1,042,812(4)	1.33
W. G. Holliman, Jr.	615,811(5)	*
James V. Kelley	269,487(6)	*
Larry G. Kirk	14,938(7)	*
Turner O. Lashlee	85,776(8)	*
Guy W. Mitchell, III	21,878(9)	*
R. Madison Murphy	523,055(10)	*
Robert C. Nolan	618,666(11)	*
W. Cal Partee, Jr.	294,479(12)	*
Aubrey B. Patterson	875,785(13)	1.12
Alan W. Perry	63,107(14)	*
Michael L. Sappington	140,641(15)	*
Travis E. Staub	85,564(16)	*
All directors and executive officers as a group (20 persons)	5,213,447	6.66

* Less than 1%.

** Unless otherwise indicated, the address of each person listed is c/o BancorpSouth, Inc., One Mississippi Plaza, 201 South Spring Street, Tupelo, Mississippi, 38804.

(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, 2005, 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. Except as indicated in the footnotes to this table, the persons listed above have sole voting and investment power with

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respect to all shares of common stock shown as beneficially owned by them pursuant to applicable law.

- (2) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter to purchase 41,999 shares of our common stock.
- (3) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 96,333 shares of our common stock.
- (4) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 32,724 shares of our common stock.
- (5) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 19,200 shares of our common stock, and 124,633 shares owned by Mr. Holliman's wife, of which Mr. Holliman disclaims beneficial ownership.
- (6) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 128,022 shares of our common stock, and 20,000 shares beneficially owned by Mr. Kelley pursuant to the 2000 Stock Bonus Agreement, over which he exercises voting power.

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- (7) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 7,200 shares of our common stock.
- (8) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 32,724 shares of our common stock.
- (9) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 3,600 shares of our common stock.
- (10) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 10,800 shares of our common stock, 18,112 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, 16,535 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, 7,784 shares owned by Mr. Murphy's wife, of which Mr. Murphy disclaims beneficial ownership, 59,649 shares beneficially owned in trusts of which Mr. Murphy is not a trustee but has residuary interests, and 298,861 shares held by a limited partnership that is controlled by a limited liability company of which Mr. Murphy is a member.
- (11) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 10,800 shares of our common stock, 4,227 shares owned by Mr. Nolan's wife, of which Mr. Nolan disclaims beneficial ownership, and 426,319 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.
- (12) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 10,800 shares of our common stock, 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.
- (13) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 477,618 shares of our common stock, and 42,000 shares beneficially owned by Mr. Patterson pursuant to the 1998 Stock Bonus Agreement, over which he exercises voting power.
- (14) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 32,724 shares of our common stock, and 2,315 shares owned by the estate of Mr. Perry's father of which Mr. Perry is co-executor of the estate, 1,157 shares of which Mr. Perry disclaims beneficial ownership.
- (15) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 84,333 shares of our common stock.
- (16) Includes options exercisable as of January 31, 2005, or that will become exercisable within 60 days thereafter, to purchase 27,924 shares of our common stock, and 12,999 shares owned by Mr. Staub's wife, of which Mr. Staub disclaims beneficial ownership.

Table of Contents**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 the Chief Executive Officer and our four other most highly compensated executive officers whose total salary and bonus for 2004 exceeded \$100,000 (collectively, the Named Executive Officers).

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Awards		All Other Compensation (1)
		Salary	Bonus	Other Annual Compensation	Restricted Stock/Options/SARs	
Aubrey B. Patterson <i>Chairman and Chief Executive Officer of BancorpSouth and BancorpSouth Bank</i>	2004	\$ 622,900	\$ 398,656		75,000/ \$ 309,960(2)	\$ 10,250
	2003	593,242	640,701		75,000/ 259,840(2)	10,000
	2002	565,000	870,100		75,000/ 274,400(2)	8,500
James V. Kelley <i>President and Chief Operating Officer of BancorpSouth and BancorpSouth Bank</i>	2004	\$ 410,675	\$ 197,124		32,000/ \$ 448,000(3)	\$ 10,250
	2003	391,118	316,806		32,000/ 431,000(3)	10,000
	2002	372,488	430,224		30,000/ 411,000(3)	8,500
Michael L. Sappington <i>Executive Vice President of BancorpSouth and Vice Chairman of BancorpSouth Bank</i>	2004	\$ 308,500	\$ 98,450		12,000/ \$	\$ 10,250
	2003	298,064	155,366		13,000/	10,000
	2002	285,219	224,217		12,000/	8,500
W. Gregg Cowser <i>Executive Vice President of BancorpSouth and Vice Chairman of BancorpSouth Bank</i>	2004	\$ 268,625	\$ 113,091		14,000/ \$	\$ 10,250
	2003	258,288	169,179		13,000/	10,000
	2002	247,165	142,738		12,000/	8,500
Larry D. Bateman <i>Executive Vice President of BancorpSouth and Vice Chairman of BancorpSouth Bank</i>	2004	\$ 247,200	\$ 79,104		10,000/ \$	\$ 10,250
	2003	240,000	88,695		10,000/	10,000
	2002	188,559	88,939		7,000/	8,500

(1) These amounts represent matching contributions by us under the 401(k) Plan.

(2)

Pursuant to the terms of our 1998 Stock Bonus Agreement with Mr. Patterson, a total of 126,000 shares of common stock have been awarded to Mr. Patterson, subject to release from escrow of 7,000 shares on April 1 in each of 1998 and 1999 and the release from escrow of 14,000 shares on April 1 in each of 2000 through 2007 if we achieve either a 0.9% return on average assets or a 12.825% return on average equity for the preceding year. These performance criteria were achieved during 2003 and the appropriate number of shares were released from escrow in 2004. For a description of the other material terms of the 1998 Stock Bonus Agreement, please refer to the section entitled EQUITY COMPENSATION PLAN INFORMATION. At December 31, 2004, 42,000 shares remained restricted, subject to achievement of performance criteria. At December 31, 2004, the value of these 42,000 restricted shares under the 1998 Stock Bonus Agreement was \$1,023,540 (based upon the closing sale price of the common stock of \$24.37 as reported on the New York Stock Exchange on December 31, 2004).

- (3) Pursuant to the terms of our 2000 Stock Bonus Agreement with Mr. Kelley, 100,000 shares of common stock were awarded to Mr. Kelley on August 31, 2000, subject to release from escrow of 20,000 shares on August 31 in each of 2001 through 2005 if we achieve either a 0.9% return on average assets or a 12.825% return on average equity for the preceding year. These performance criteria were achieved during 2003 and the appropriate number of shares were released from escrow during 2004. For a description of the other material terms of the 2000 Stock Bonus Agreement, please refer to the section entitled EQUITY COMPENSATION PLAN INFORMATION. At December 31, 2004, 20,000 shares remained restricted subject to achievement of performance criteria. At December 31, 2004, the value of these 20,000 restricted

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shares under the 2000 Stock Bonus Agreement was \$487,400 (based upon the closing sale price of the common stock of \$24.37 as reported on the New York Stock Exchange on December 31, 2004).

Stock Option Grants

The following table sets forth certain information regarding grants of stock options made to the Named Executive Officers during 2004.

Option Grants in Last Fiscal Year

Name	Individual Grants			Expiration Date	Potential Realizable Value at	
	Number of Securities Underlying Options Granted (1)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price Per Share (2)		Assumed Annual Rates of Stock Price Appreciation for Option Term (3)	
					5%	10%
Aubrey B. Patterson	75,000	18.36%	\$ 24.03	10-31-14	\$ 1,133,425	\$ 2,872,322
James V. Kelley	32,000	7.83	24.03	10-31-14	483,595	1,225,524
Michael L. Sappington	12,000	2.94	24.03	10-31-14	181,348	459,572
W. Gregg Cowsert	14,000	3.43	24.03	10-31-14	211,573	536,167
Larry D. Bateman	10,000	2.45	24.03	10-31-14	151,123	382,976

- (1) Options become exercisable in three equal annual installments beginning on the first anniversary of the date of grant. In the event of death, disability or retirement, the options terminate three months after retirement or 12 months after death or disability and in any event, upon their expiration date. However, in the event that we cease to employ an employee for any reason other than death, disability or retirement, the options held by that employee terminate immediately. Any unexercisable options become fully exercisable in the event of a change in control of BancorpSouth. Each option provides, among other things, that the recipient will not compete with us for two years after the employee's voluntary termination of employment.
- (2) Represents the fair market value on the date of grant. The exercise price for options is payable in cash or by delivery of shares of common stock with a fair market value equal to the exercise price for the shares purchased, or by any other method approved by the Executive Compensation and Stock Incentive Committee.
- (3) Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term and based upon assumed rates of appreciation in the market price of the common stock of 5% and 10% compounded annually from the date of grant to the expiration date. Actual gains, if any, upon the exercise of stock options will depend on the future performance of the common stock and the date on which the options are exercised.

Table of Contents**Option/SAR Exercises and Year-End Values**

The following table provides certain information, with respect to the Named Executive Officers, concerning the exercise of options during 2004 and with respect to unexercised options and SARs at December 31, 2004.

**Aggregated Option/SAR Exercises in Last Fiscal Year
and Fiscal Year-End Option/SAR Values**

Name	Shares		Number of Securities		Value of Unexercised	
	Acquired On Exercise	Value Realized	Unexercised Options/SARs At Fiscal Year-End (1) Exercisable	Unexercisable	In-The-Money Options/SARs at Fiscal Year-End (2) Exercisable	Unexercisable
Aubrey B. Patterson	0	\$ 0	517,618	150,000	\$ 4,069,317	\$ 198,250
James V. Kelley	59,856	672,323	128,022	63,334	1,008,994	81,127
Michael L. Sappington	51,000	565,020	84,333	25,667	542,824	32,634
W. Gregg Cowsert	0	0	101,333	31,667	830,864	77,324
Larry D. Bateman	0	0	41,999	19,001	236,288	21,247

- (1) Prior to 1997, options represented two-thirds of annual awards and SARs represented one-third. There were no SARs granted during 2004. There are no freestanding SARs.
- (2) Based upon the closing sale price of the common stock of \$24.37 per share, as reported on the New York Stock Exchange on December 31, 2004, less the exercise price for the options/SARs.

Long-Term Incentive Plan Awards

The following table provides certain information regarding long-term incentive plan (LTIP) awards made to the Named Executive Officers during 2004.

Long-Term Incentive Plans Awards in Last Fiscal Year

Name	Number Of Shares, Units Or Other Rights	Performance Or Other Period Until Maturation or Payout	Estimated Future Payouts Under		
			Threshold	Non-Stock Price-Based Plans Target (1)	Maximum
Aubrey B. Patterson	14,000(2)	1 year	N/A	42,000(3)	N/A
James V. Kelley	20,000(4)	1 year	N/A	20,000(5)	N/A
Michael L. Sappington					
W. Gregg Cowsert					
Larry D. Bateman					

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- (1) If the performance criteria are met for the applicable performance period, the target payout for that period will be awarded. There are no threshold or maximum levels.
- (2) Pursuant to the terms of our 1998 Stock Bonus Agreement with Mr. Patterson, a total of 126,000 shares of common stock have been awarded to Mr. Patterson, subject to release from escrow of 7,000 shares on April 1 in each of 1998 and 1999 and the release from escrow of 14,000 shares on April 1 in each of 2000 through 2007 if we achieve either a 0.9% return on average assets or a 12.825% return on average equity for the preceding year. These performance criteria were achieved during 2003 and the appropriate number of shares were released from escrow in 2004. For a description of the other material terms of the 1998 Stock Bonus Agreement, please refer to the section entitled EQUITY COMPENSATION PLAN INFORMATION. At December 31, 2004, 42,000 shares remained restricted, subject to achievement of the performance criteria. At December 31, 2004, the value of these 42,000 restricted shares under the 1998 Stock Bonus Agreement was \$1,023,540 (based upon the closing sale price of the common stock of \$24.37 as reported on the New York Stock Exchange on December 31, 2004).
- (3) Represents number of shares of common stock to be released after 2004 under the 1998 Stock Bonus Agreement if we achieve certain performance criteria or if the term of the 1998 Stock Bonus Agreement expires.
- (4) Pursuant to the terms of our 2000 Stock Bonus Agreement with Mr. Kelley, 100,000 shares of common stock were awarded to Mr. Kelley on August 31, 2000, subject to release from escrow of 20,000 shares on August 31 in each of 2001 through 2005 if we achieve either a 0.9% return on average assets or a 12.825% return on average equity for the preceding year. These performance criteria were achieved during 2003 and the appropriate number of shares were released from escrow during 2004. For a description of the other material terms of the 2000 Stock Bonus Agreement, please refer to the

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section entitled EQUITY COMPENSATION PLAN INFORMATION. At December 31, 2004, 20,000 shares remained restricted subject to achievement of performance criteria. At December 31, 2004, the value of these 20,000 restricted shares under the 2000 Stock Bonus Agreement was \$487,400 (based upon the closing sale price of the common stock of \$24.37 as reported on the New York Stock Exchange on December 31, 2004).

- (5) Represents number of shares of common stock to be released after 2004 under the 2000 Stock Bonus Agreement if we achieve certain performance criteria or if the term of the 2000 Stock Bonus Agreement expires.

Pension Plans

We maintain a tax-qualified, non-contributory, defined benefit retirement plan for our employees and those of our subsidiaries who have reached the age of 21 and have completed one year of service (the Retirement Plan). Benefits under the Retirement Plan are based primarily on final average compensation and length of service. For 2004, the maximum annual benefit under the Internal Revenue Code (the Code) with respect to the Retirement Plan was \$165,000 and the maximum amount of considered annual compensation was \$205,000.

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

We also maintain a non-qualified, unfunded, non-contributory defined benefit pension arrangement for selected key employees that is in the form of a deferred compensation agreement (the Deferred Pension Program). Benefits under the Deferred Pension Program are based primarily on average final compensation and supplement the amounts payable under the Retirement Plan and Restoration Plan.

The following table illustrates the total combined estimated annual pension benefits payable to an eligible participant at normal retirement age (age 65) under the Retirement Plan, the Restoration Plan, and the Deferred Pension Program, based on compensation covered under the plans and years of service with us and our subsidiaries.

Retirement Plan, Restoration Plan and Deferred Pension Program

Average Annual Compensation	Years of Service at Retirement				
	15	20	25	30	35
\$ 200,000	\$ 64,711	\$ 76,281	\$ 87,851	\$ 99,422	\$ 110,992
300,000	99,211	117,281	135,351	153,422	171,492
400,000	133,711	158,281	182,851	207,422	231,992
500,000	168,211	199,281	230,351	261,422	292,492
600,000	202,711	240,281	277,851	315,422	352,992
700,000	237,211	281,281	325,351	369,422	413,492
800,000	271,711	322,281	372,851	423,422	473,992
900,000	306,211	363,281	420,351	477,422	534,492
1,000,000	340,711	404,281	467,851	531,422	594,992
1,100,000	375,211	445,281	515,351	585,422	655,492
1,200,000	409,711	486,281	562,851	639,422	715,992
1,300,000	444,211	527,281	610,351	693,422	776,492
1,400,000	478,711	568,281	657,851	747,422	836,992

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1,500,000 513,211 609,281 705,351 801,422 897,492

A participant's annual retirement benefit payable under the Retirement Plan is based upon the average monthly compensation (including the aggregate amount of all bonuses and commissions earned during the year divided by 12) for the five consecutive calendar years during which the employee earned the most compensation during his or her employment. Benefits under the Restoration Plan are calculated in the same manner, but applied only to the compensation that is earned in excess of IRS limits on compensation under the Retirement Plan. Benefits payable under the Deferred Pension Program are based upon the average of base compensation and bonuses paid to the covered employee during the 36 months immediately before his or her retirement and are paid to the retired employee (or upon his or her death, to his or her designated beneficiary) in equal monthly installments over a period of 10 years. Benefits under the Retirement Plan and Restoration Plan are computed as straight life annuity amounts,

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although other forms of payment, including a lump sum benefit, are offered under the plan. Benefits under each of these programs are not subject to any deduction for Social Security or any other offsets.

The compensation for each of the Named Executive Officers covered by the Retirement Plan, the Restoration Plan and the Deferred Pension Program (which includes salary and bonuses paid during 2004, even if earned during a prior year) as of December 31, 2004 was: Mr. Patterson, \$1,286,076; Mr. Kelley, \$742,298; Mr. Sappington, \$475,209; Mr. Cowser, \$447,619; and Mr. Bateman, \$345,043. The estimated credited years of service for each Named Executive Officer as of December 31, 2004 was: Mr. Patterson, 32 years; Mr. Kelley, 4 years; Mr. Sappington, 27 years; Mr. Cowser, 15 years; and Mr. Bateman, 19 years. At December 31, 2004, Mr. Kelley had 16 years of credited service and an earned and accrued annual retirement benefit of \$43,100 per year under the First United Bancshares, Inc. defined benefit pension plan, which we maintain as it was frozen in connection with our merger with First United Bancshares, Inc. on August 31, 2000.

Employment Contracts and Change in Control Arrangements

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

We have no compensatory plans or arrangements which might result in payments to any of the Named Executive Officers upon their resignation or retirement, except for the Retirement Plan and Deferred Compensation Plan (which are described above) and the arrangements described in the following paragraphs.

We have entered into an agreement with each of Messrs. Patterson, Kelley, Sappington, Cowser and Bateman that provides certain benefits in the event that we experience a change in control and we terminate the officer's employment without cause, or the officer resigns for cause, within 24 months after the change in control. The amount of benefits payable under the agreements is three times the amount of compensation that the officer would otherwise be entitled to receive in the year that the change in control occurs, with respect to Messrs. Patterson and Kelley, and two times such annual compensation, with respect to the other officers.

Under our 1998 Stock Bonus Agreement with Mr. Patterson and our 2000 Stock Bonus Agreement with Mr. Kelley, if we experience a change in control, each of Messrs. Patterson and Kelley can terminate his agreement and receive all shares of common stock remaining in escrow under his respective Stock Bonus Agreement. We will make additional payments to Messrs. Patterson and Kelley to the extent they become subject to an excise tax under Section 4999 of the Code as a result of the payments under the 1998 Stock Bonus Agreement and the 2000 Stock Bonus Agreement, respectively.

All unexercisable options granted under our stock option plans, including options granted to the Named Executive Officers, become exercisable immediately if we undergo a change in control. Under the Executive Incentive Plan, if we experience a change in control, the Executive Compensation and Stock Incentive Committee will pay the maximum amount payable under the incentive bonus to all participants in the Executive Incentive Plan. This bonus will be paid as soon as practicable following the change in control.

Compensation Committee Interlocks and Insider Participation

During 2004, the committee of the Board of Directors that performed the functions of a compensation committee and approved stock option grants under our 1994 Stock Incentive Plan was the Executive Compensation and Stock Incentive Committee. The Executive Compensation and Stock Incentive Committee consisted of Travis E. Staub (Chairman), Hassell Franklin, Bob Nolan and Turner O. Lashlee during 2004. None of the members of the Executive Compensation and Stock Incentive Committee has at any time been an officer or employee of BancorpSouth or its subsidiaries. Members of the Executive Compensation and Stock Incentive Committee may, from time to time, have

banking relationships in the ordinary course of business with BancorpSouth's subsidiary, BancorpSouth Bank, as described in the section entitled "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS." Mr. Franklin and Mr. Nolan had no other relationship during 2004 requiring disclosure by us. Mr. Lashlee and Mr. Staub had certain transactions with BancorpSouth Bank during 2004 as described in the section entitled "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS." During 2004, none of our executive officers served as a member of another entity's compensation committee, one of whose executive officers served on our Executive Compensation and Stock Incentive Committee or was a director of BancorpSouth, and none of our executive officers served as a director of another entity, one of whose executive officers served on our Executive Compensation and Stock Incentive Committee.

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**EXECUTIVE COMPENSATION AND STOCK INCENTIVE COMMITTEE
REPORT ON EXECUTIVE COMPENSATION****

This report is submitted by the Executive Compensation and Stock Incentive Committee pursuant to rules adopted by the SEC that require disclosure with respect to compensation policies applicable to our executive officers (including the Named Executive Officers) and with respect to the basis for the compensation of Aubrey B. Patterson, our Chief Executive Officer, for 2004. The Executive Compensation and Stock Incentive Committee generally is responsible for establishing and administering our executive compensation policies and programs within the framework of our compensation philosophy. Decisions by the Executive Compensation and Stock Incentive Committee with respect to the compensation of our executive officers are reviewed by the full Board of Directors (excluding directors who are also our employees). A number of factors, including growth, asset quality, competitive position and profitability were compared with those of a peer group of other comparably sized banks by the Executive Compensation and Stock Incentive Committee in determining executive compensation for 2004.

Compensation Policy

Our compensation strategy is to design the management compensation program so that it contributes to the achievement of our business objectives. We seek to provide:

Total compensation at a level that will attract and retain qualified managers;

Incentive compensation opportunities that will motivate managers to achieve both our short-term and long-term objectives;

Compensation that differentiates pay on the basis of performance; and

Protection of shareholder interests by requiring achievement of successful results as a condition to earning above-average compensation.

Historically, the three primary components of executive compensation have been base salary, annual cash bonuses and grants of stock options and restricted stock. In 2004, we engaged the compensation consulting firm of Watson-Wyatt International to review the implementation of our compensation policy. Based on recommendations that we received from Watson-Wyatt, we propose the adoption of amendments to our equity compensation programs in this Proxy Statement so that we can diversify the types of equity-based compensation awards that we have made historically and add performance measures, as further discussed below.

Base Salary. We believe that base salary ranges should reflect the competitive employment market and the relative internal responsibilities of the executive's position, with an executive's position within a salary range being based upon his or her performance. In connection with the annual budget process, the Executive Compensation and Stock Incentive Committee considers salaries for executive officers within the context of an external survey of executive compensation provided by a peer group of comparably sized banks, a number of which are located in the southeastern United States. Individual increases in salary are based upon an assessment of the peer group average salary and its relationship to the executive, the executive's salary, our performance and our salary budget. Our base salaries are generally within the range of comparable average salaries in the peer group.

Annual Incentive Compensation. We believe that incentive programs should provide meaningful opportunities for additional compensation linked to attaining annual performance objectives. Certain of our executives and officers are eligible to participate in our Home Office Plan, which provides cash bonuses based on the achievement of targeted levels of BancorpSouth's average deposits and return on average equity that are approved by the Executive Compensation and Stock Incentive Committee at the beginning of each year. This bonus plan includes a statistical

matrix in which various average deposit levels are compared to various returns on average equity. Employees eligible for this plan will receive bonuses based on the results actually achieved. Certain Named Executive Officers are eligible to receive cash bonus awards under our Executive Incentive Plan and do not participate in the Home Office Plan.

In 2004, the Executive Compensation and Stock Incentive Committee assigned to each executive's position a target bonus award opportunity under the Home Office Plan that ranged from 10% of base salary for department/division managers to 100% of base salary. The actual award may be greater or less than a target award depending upon our actual performance relative to goals. No employee may receive a bonus greater than 200% of

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that employee's target award. No bonus will be awarded under this plan unless BancorpSouth achieves a threshold level of average deposits and return on average equity during the year. In 2004, each eligible employee was entitled to 64% of the employee's target bonus, based on our average deposits and return on average equity during 2004. Similar awards were made under the Executive Incentive Plan to the Chief Executive Officer and the Chief Operations Officer, as described below.

Under the Executive Incentive Plan, Named Executive Officers are selected by a three person subcommittee of the Executive Compensation and Stock Incentive Committee, the Incentive Subcommittee, to participate in the Executive Incentive Plan. No later than 90 days after the beginning of the year, the Incentive Subcommittee specifies 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. Awards under the Executive Incentive Plan may be similar to awards under the Home Office Plan, discussed above, but are also subject to conditions that are required under Section 162(m) of the Code. The amount of the cash bonus may vary among participants and from year to year. In 2004, each eligible participant was entitled to 64% of the participant's target bonus, based on our average deposits and return on average equity during 2004.

As soon as possible after the end of each year, the Incentive Subcommittee certifies 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 Incentive Subcommittee will authorize the payment of the amount earned under the Executive Incentive Plan. The Incentive Subcommittee has discretion to reduce or eliminate, but not increase, an amount that is payable to a participant under the Executive 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 in the Executive Incentive Plan.

As described in Proposal No. 4 of this Proxy Statement, Approval of the Amendment to the Executive Performance Incentive Plan, the Incentive Subcommittee will be permitted to make incentive awards under the Executive Incentive Plan that are based on our Common Stock. The source of shares for these awards will be our 1994 Plan. Proposal No. 4 implements the recommendation of Watson-Wyatt International to provide equity-based incentives that qualify as performance-based compensation under Section 162(m) of the Code.

Long-Term Incentive Compensation. The Board of Directors believes that the availability of options under our 1994 Plan gives executives a long-term stake in BancorpSouth by providing an estate-building opportunity in return for outstanding long-term performance. Awards under the 1994 Plan are made by the Incentive Subcommittee, which also administers the Executive Incentive Plan. Awards are made under these plans to executives who are responsible for long-term investment, operating or policy decisions and to those executives who are instrumental in implementing them. In determining the total number of options to be granted, we consider the available number of shares under our option plan, but have no fixed formula for determining the total number of options to be granted, nor do we consider the number of options granted by our peer group of banks.

In selecting the award recipients and determining the number of shares to be covered in an award, the Executive Compensation and Stock Incentive Committee or, when appropriate, the Incentive Subcommittee considers (i) the present scope of responsibility of the executive, (ii) the degree to which the units influenced by that executive contribute to our profits, (iii) the degree to which asset quality and other risk decisions are influenced by that executive's direction and (iv) the long-term management potential of the executive. No one factor is weighed more heavily than any other factor. The number of awards currently held is also considered. Generally, awards of stock options become exercisable in three equal annual installments, beginning one year after the date of grant. Because the exercise price of options under the 1994 Stock Plan is the market value of our Common Stock on the date of grant, executives will realize a gain through the award of stock options if the value of the Common Stock increases over the

period that options become exercisable. As discussed below, this Proxy Statement includes proposals to permit equity incentives that encourage achievement of other performance goals.

We have included the grant of restricted shares of common stock as a component of our compensation strategy. In 1998, we entered into the 1998 Stock Bonus Agreement with Mr. Patterson, which was amended on January 30, 2000 and January 31, 2001. Pursuant to the 1998 Stock Bonus Agreement, we awarded Mr. Patterson a total of 126,000 shares of common stock, subject to release from escrow of 7,000 shares on April 1 in each of 1998 and 1999 and 14,000 shares on April 1 in each of 2000 through 2007 if certain performance criteria for the preceding

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year are met. In 2000, we entered into the 2000 Stock Bonus Agreement with Mr. Kelley, pursuant to which we awarded Mr. Kelley 100,000 shares of common stock, with 20,000 of such shares subject to release from escrow on August 31 in each of 2001 through 2005 if certain performance criteria for the preceding year are achieved.

The recommendations of Watson-Wyatt International included modifications to our long-term incentive compensation policies and practices. Currently, nearly all of our equity-based incentives provide rewards based solely on the increase in the market value of our Common Stock. Placing sole reliance on market value can, we believe, reward short-term or mid-term performance under some circumstances, but cannot adequately support our objectives of encouraging long-term performance. Based on these recommendations, we have determined that new equity-based incentives should be added to our compensation programs to ensure appropriate focus on long-term performance and objectives. The nature and purposes of these new incentives are described in Proposal No. 2 of this Proxy Statement, Approval of Amendment and Restatement of the 1994 Stock Incentive Plan. If Proposal No. 2 is approved, we will be able to diversify long-term performance incentives through our stock incentive programs.

Tax Deductibility of Executive Compensation. Section 162(m) of the Code generally limits the corporate tax deduction for compensation in excess of \$1 million that is paid to an executive officer named in the Summary Compensation Table in this Proxy Statement. However, compensation that is paid under a performance-based plan, as defined in Section 162(m), is fully deductible without regard to the general Section 162(m) limit. Section 162(m) also permits full deductibility for certain pension contributions and other payments. The Executive Compensation and Stock Incentive Committee has carefully considered the impact of Section 162(m) and its limitation on deductibility in determining and administering our compensation policies and plans.

The Executive Compensation and Stock Incentive Committee intends that certain of our compensation plans qualify for an exception to the limitations of Section 162(m) so that BancorpSouth may fully deduct compensation paid under these plans. One purpose of Proposal No. 4 in this Proxy Statement, Approval of the Amendment to the Executive Performance Incentive Plan, is to extend performance-based compensation treatment under Section 162(m) to certain equity-based awards under our 1994 Plan. We have certain other executive compensation arrangements that may cause a portion of that compensation to exceed the Section 162(m) limitation and, therefore, prevent us from deducting that excess portion for 2004 and subsequent years. In adopting these executive compensation arrangements, the Executive Compensation and Stock Incentive Committee determined that the benefits of these arrangements to BancorpSouth and its shareholders outweighed the inability to deduct a portion of the compensation for federal income tax purposes.

Compensation of the Chief Executive Officer in 2004

In establishing the compensation for Mr. Patterson, our Chairman of the Board and Chief Executive Officer, the basic approach was that of the compensation policies applicable to all our executives. In addition, the Executive Compensation and Stock Incentive Committee reviewed a report prepared by an outside compensation consultant, which included information regarding the published compensation of chief executive officers of other bank holding companies whose average assets are approximately equal to our assets, giving due regard to differences in size, performance, growth, profitability and demographics. Mr. Patterson's salary for 2004 was established at the beginning of the year and represented a 5.0% increase over his salary for 2003. In 2004, as Chief Executive Officer, Mr. Patterson was provided an award under the Executive Incentive Plan that made him eligible to earn a target bonus award of 100% of his base salary. Based on actual performance, and as certified by the Incentive Subcommittee in its role as administrator of the Executive Incentive Plan, Mr. Patterson's 2004 bonus of \$398,656 represented 64% of his target award.

The long-term component of Mr. Patterson's compensation for 2004 was provided through the grant in November 2004 under the 1994 Plan of options to purchase 75,000 shares of common stock for an exercise price of

\$24.03 per share, which options will expire in October 2014, and the release from escrow on April 1, 2004 of 14,000 shares of common stock under the 1998 Stock Bonus Agreement (which is described above).

Summary

The Executive Compensation and Stock Incentive Committee believes that the caliber and motivation of BancorpSouth's people, and the leadership of its Chief Executive Officer and other executive officers, are critical factors in BancorpSouth's ability to create a competitive advantage for shareholders through BancorpSouth's performance. We believe that the long-term component of compensation is an important element of our total compensation approach. Shareholder approval of the Amended and Restated BancorpSouth, Inc. 1994 Stock

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Incentive Plan and the amendment to the BancorpSouth, Inc. Executive Performance Incentive Plan are important to BancorpSouth's ability to offer equity incentives that align the interests of BancorpSouth employees with shareholders for the success of BancorpSouth. We believe the Amended and Restated BancorpSouth, Inc. 1994 Stock Incentive Plan and the amendment to the BancorpSouth, Inc. Executive Performance Incentive Plan are worthy of your support.

*Executive Compensation and Stock Incentive
Committee:*

Travis E. Staub (*Chairman*)
Hassell Franklin
Bob Nolan
Turner O. Lashlee

***The information contained in this report shall not be deemed to be soliciting material or filed or subject to Regulation 14A other than as provided in SEC Regulation S-K, Item 306, or incorporated by reference into any filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that BancorpSouth specifically requests that the information be treated as soliciting material or incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

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AUDIT COMMITTEE REPORT**

The Audit Committee of the Board of Directors consists of three directors, each of whom is independent as defined by the listing standards of the New York Stock Exchange, and held 14 meetings in 2004. These meetings facilitated communication with senior management, the internal auditors and BancorpSouth's independent auditors. During 2004, the Audit Committee held discussions with the internal and independent auditors, both with and without management present, on the results of their examinations and the overall quality of BancorpSouth's financial reporting and internal controls.

The role and responsibilities of the Audit Committee are set forth in an Amended and Restated Charter adopted by the Board of Directors, a copy of which is available on our website at www.bancorpsouth.com on our Investor Relations webpage under the caption Corporate Governance. In fulfilling its responsibilities, the Audit Committee:

Reviewed and discussed with management BancorpSouth's audited consolidated financial statements for the year ended December 31, 2004 and BancorpSouth's unaudited quarterly consolidated financial statements during 2004 (including the disclosures contained in BancorpSouth's Annual Report on Form 10-K and its 2004 Quarterly Reports on Form 10-Q under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations);

Discussed with KPMG LLP, BancorpSouth's independent auditors, the matters required to be discussed under Statements on Auditing Standards No. 61, both with and without management present; and

Received the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (ISB No. 1), and discussed with KPMG LLP their independence.

Based on the Audit Committee's review of BancorpSouth's audited financial statements for the year ended December 31, 2004 and the written disclosures and letter from KPMG LLP as required by ISB No. 1 and its discussions with management and KPMG LLP as described above, and in reliance thereon, the Audit Committee recommended to BancorpSouth's Board of Directors that our audited consolidated financial statements for the year ended December 31, 2004 be included in BancorpSouth's Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the SEC.

Audit Committee:

Larry G. Kirk (*Chairman*)
W. Cal Partee, Jr.
R. Madison Murphy

***The information contained in this report shall not be deemed to be soliciting material or filed or subject to Regulation 14A other than as provided in SEC Regulation S-K, Item 306, or incorporated by reference into any filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that BancorpSouth specifically requests that the information be treated as soliciting material or incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

Table of Contents**COMPARATIVE PERFORMANCE GRAPH****

The SEC requires us to include in this Proxy Statement a line graph which compares the yearly percentage change in cumulative total shareholder return on the common stock with (i) the performance of a broad equity market indicator and (ii) the performance of a published industry index or peer group. Set forth below is a line graph prepared by SNL Securities L.C. comparing the yearly percentage change in the cumulative total shareholder return on the common stock against the cumulative total return of the S&P 500 Index and the SNL Southeast Bank Index for a period of five years. The SNL Southeast Bank Index is prepared by SNL Securities L.C. and consists of 132 publicly-traded banks and bank holding companies located in the southeastern United States as of December 31, 2004.

Comparison of Five Year-Cumulative Total Returns

Total Returns Index for:	As of December 31,					
	1999	2000	2001	2002	2003	2004
BancorpSouth, Inc.	100.00	77.49	109.59	132.12	166.48	176.64
S&P 500	100.00	91.20	80.42	62.64	80.62	89.47
SNL Southeast Bank Index	100.00	100.41	125.09	138.18	173.52	205.78

***The information contained in this graph shall not be deemed to be soliciting material or filed or subject to Regulation 14A other than as provided in SEC Regulation S-K, Item 306, or incorporated by reference into any filings with the SEC, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that BancorpSouth specifically requests that the information be treated as soliciting material or incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.*

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

BancorpSouth Bank, BancorpSouth's wholly-owned subsidiary, has had, and expects to have in the future, banking transactions in the ordinary course of business with our officers and directors and their associates, affiliates and family members, on substantially the same terms, including interest rates and collateral on loans, as those prevailing at the time for comparable transactions with others and which do not involve more than the normal risk of collectibility or present other unfavorable features. While certain provisions of the Sarbanes-Oxley Act of 2002 generally prohibit BancorpSouth from making personal loans to its directors and executive officers, it permits BancorpSouth Bank and certain of BancorpSouth's other subsidiaries to make loans to BancorpSouth's directors and executive officers so long as these loans are on non-preferential terms. During the year ended December 31, 2004, the maximum aggregate amount of extensions of credit outstanding to our directors and executive officers and their associates was \$35,754,191 (3.90% of our equity capital as of December 31, 2004). As of January 31, 2005, the aggregate amount of extensions of credit to these persons was \$31,758,090.

BancorpSouth Bank makes available to all of its employees individual loans based upon creditworthiness. Loans were made to employees during 2004 at interest rates ranging from 4.25% to 6.75% per annum, with the interest rate determined primarily according to the term of the loan. All loans to employees are generally made at the prevailing interest rate.

Forman, Perry, Watkins, Krutz & Tardy LLP, a law firm of which Alan W. Perry, one of our directors, is a member, was paid \$62,391 for certain legal services rendered on our behalf during 2004, and may provide additional legal services to us in the future.

Lashlee-Rich, Inc., of which Turner O. Lashlee, one of our directors, is the Chairman of the Board, was paid an aggregate of approximately \$97,805 by BancorpSouth Bank during 2004 for various construction projects for BancorpSouth Bank.

During 2004, Laura Staub Young, a daughter of director Travis E. Staub, was employed by BancorpSouth Bank as First Vice President, Student Loan Manager. Clayton H. Patterson, a son of our Chairman of the Board and Chief Executive Officer Aubrey B. Patterson, was employed by BancorpSouth Bank as a Vice President in 2004. Also, James Kevin Martin, the son-in-law of Aubrey B. Patterson, was employed as an Administration Officer for Network Services of BancorpSouth Bank in 2004. During 2004, each of Ms. Young, Mr. Patterson and Mr. Martin was paid an aggregate amount of salary and bonus less than \$100,000 and received other benefits comparable to those received by employees having similar positions. The compensation of each was established by BancorpSouth Bank in accordance with its employment and compensation practices applicable to employees holding comparable positions.

GENERAL INFORMATION

Counting of Votes

All matters specified in this Proxy Statement that are to be voted on at the annual meeting will be by ballot. Inspectors of election will be appointed, among other things, to determine the number of shares outstanding, the shares represented at the annual meeting, the existence of a quorum and the authenticity, validity and effect of proxies, to receive votes of ballots, to hear and determine all challenges and questions in any way arising in connection with the right to vote, to count and tabulate all votes and to determine the result. Each item presented herein to be voted on at the annual meeting must be approved by the affirmative vote of the holders of the number of shares described under each such item. The inspectors of election will treat shares represented by proxies that reflect abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Abstentions, however, do

not constitute a vote for or against any matter and thus will be disregarded in the calculation of a plurality or of votes cast. Abstentions will, however, have the effect of a vote against those matters that require a majority of the shares represented at the meeting and entitled to vote.

Inspectors of election will treat shares referred to as broker non-votes (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote that the broker or nominee does not have discretionary power to vote on a particular matter) as shares that are present and entitled to vote for purposes of determining the presence of a quorum. However, for purposes of determining the outcome of any matter as to which the broker has physically indicated on the proxy that it does not have discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter (even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other matters). If

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your broker or other nominee is a National Association of Securities Dealers, Inc. or New York Stock Exchange member organization, your broker or other nominee will not have authority to vote your shares on Proposal 2: Approval of Amendment and Restatement of the 1994 Stock Incentive Plan Proposal 3: Approval of the Amendment to the 1995 Non-Qualified Stock Option Plan for Non-Employee Directors or Proposal 4: Approval of the Amendment to the Executive Performance Incentive Plan unless you provide specific voting instructions to your broker or other nominee.

Miscellaneous

We will bear the cost of printing, mailing and other expenses in connection with this solicitation of proxies and will also reimburse brokers and other persons holding shares of common stock in their names or in the names of nominees for their expenses in forwarding this proxy material to the beneficial owners of such shares. Certain of our directors, officers and employees may, without any additional compensation, solicit proxies in person or by telephone.

Our management is not aware of any matters other than those described above which may be presented for action at the annual meeting. If any other matters properly come before the annual meeting, it is intended that the proxies will be voted with respect thereto in accordance with the judgment of the person or persons voting such proxies, subject to the direction of our Board of Directors.

A copy of our Annual Report to Shareholders for the year ended December 31, 2004 has been mailed to all shareholders entitled to notice of and to vote at the annual meeting.

Certain Matters Relating to Proxy Materials and Annual Reports

The rules regarding delivery of proxy statements and annual reports may be satisfied by delivering a single proxy statement and annual report to an address shared by two or more of our shareholders. This method of delivery is referred to as "householding" and can result in meaningful cost savings for us. In order to take advantage of this opportunity, we may deliver only one proxy statement and annual report to certain multiple shareholders who share an address, unless we have received contrary instructions from one or more of the shareholders. We undertake to deliver promptly upon request a separate copy of the proxy statement and/or annual report, as requested, to a shareholder at a shared address to which a single copy of these documents was delivered. If you hold stock as a registered stockholder and prefer to receive separate copies of a proxy statement and/or annual report either now or in the future, please call 1-800-568-3476 or send a written request to:

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

If your stock is held through a broker or bank and you prefer to receive separate copies of a proxy statement or annual report either now or in the future, please contact such broker or bank. Shareholders who share an address and are receiving multiple copies of proxy statements and annual reports and would prefer to receive a single copy of such material, either now or in the future, can request delivery of a single copy of a proxy statement and/or annual report by calling 1-800-568-3476 or sending a written request to the address above.

BANCORPSOUTH, INC.

/s/ Aubrey B. Patterson

AUBREY B. PATTERSON

Chairman of the Board

and Chief Executive Officer

March 25, 2005

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BANCORPSOUTH, INC.

**1994 STOCK INCENTIVE PLAN
AS AMENDED AND RESTATED**

Effective _____, 2005

PREAMBLE

WHEREAS, BancorpSouth, Inc. (the Company) previously established the BancorpSouth, Inc. 1994 Stock Incentive Plan (the Plan) through which the Company could award incentives based on the common stock of the Company, \$2.50 par value (Stock), to officers, employees and consultants of the Company and its affiliates;

WHEREAS, the Company amended and restated the Plan effective February 14, 1998 to conform with certain requirements under Section 162(m)(4)(C) of the Internal Revenue Code and Securities and Exchange Commission Rule 16b-3, to eliminate the award of stock appreciation rights under the Plan and to permit the award of restricted shares of Stock;

WHEREAS, the shares authorized for awards under the Plan, and certain limitations stated in the Plan, were adjusted to reflect the two for one split of the Stock that occurred on May 15, 1998; and

WHEREAS, the Company desires to amend and restate the Plan to (i) provide for awards of Performance Shares and Restricted Stock Units (both as defined herein), (ii) to raise the sublimit on time-lapse awards available under the Plan, and (iii) to eliminate the sublimit on restricted stock awards that are based on achievement of performance goals;

NOW, THEREFORE, the Company hereby amends and restates the Plan, effective ____, 2005:

ARTICLE I

DEFINITIONS

1.1 **Affiliate**. A corporate parent, corporate subsidiary, limited liability company, partnership or other business entity that is directly or indirectly wholly-owned or controlled by the Company.

1.2 **Agreement**. A written agreement (including any amendment or supplement thereto) between the Company or Affiliate and a Participant specifying the terms and conditions of an Award granted to such Participant.

1.3 **Award**. A right that is granted under the Plan to a Participant by the Company, which may be in the form of Options, Performance Shares, Restricted Stock or Restricted Stock Units.

1.4 **Board**. The board of directors of the Company.

1.5 **Code**. The Internal Revenue Code of 1986, as amended.

1.6 **Committee**. A committee of the Board that is designated by the Board as the executive compensation and stock option committee or is otherwise designated to administer the Plan and is composed of at least two individuals or such number that satisfies the minimum requirements of section 162(m)(4)(C) of the Code, Rule 16b-3 of the Exchange

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Act, and the member rules of any trading exchange (*e.g.*, the New York Stock Exchange) or reporting system (*e.g.*, the Nasdaq National Market System, the OTC Bulletin Board System) upon which Stock is traded, whose members are not employees of the Company or an Affiliate.

1.7 Company. BancorpSouth, Inc. and its successors.

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1.8 Date of Exercise. The date that the Company accepts tender of the exercise price of an Option.

1.9 Exchange Act. The Securities Exchange Act of 1934, as amended.

1.10 Fair Market Value. On any given date, Fair Market Value shall be the applicable description below:

(a) If the Stock is traded on a trading exchange (*e.g.*, the New York Stock Exchange) or is reported on the Nasdaq National Market System, another Nasdaq automated quotation system or the OTC Bulletin Board System, Fair Market Value shall be determined by reference to the price of the Stock on such exchange or system with respect to the date for which Fair Market Value is being determined (unless the Committee determines in good faith the fair market value of the Stock to be otherwise).

(b) If the Stock is not traded on a recognized exchange or automated trading system, Fair Market Value shall be the value determined in good faith by the Committee.

1.11 Incentive Option. An Option that is intended to qualify as an incentive stock option within the meaning of section 422 of the Code. An Incentive Option, or a portion thereof, shall not be invalid for failure to qualify under section 422 of the Code, but shall be treated as a Nonqualified Option.

1.12 Nonqualified Option. An Option that is not an Incentive Option.

1.13 Option. The right that is granted hereunder to a Participant to purchase from the Company a stated number of shares of Stock at the price set forth in an Agreement. As used herein, an Option includes both Incentive Options and Nonqualified Options.

1.14 Participant. An officer, employee or consultant of the Company or of an Affiliate who either satisfies the requirements of Article IV and is selected by the Committee to receive an Award, or receives an Award pursuant to grant specified in this Plan.

1.15 Performance Period. The period designated by the Committee during which a Participant must satisfy conditions or performance objectives stated in an Award. The duration of any Performance Period shall be at least six months.

1.16 Performance Shares. An Award described in Section 4.7 that is denominated as a number of shares of Stock that are transferred to a Participant upon the achievement of performance goals within the Performance Period specified in the Award.

1.17 Plan. The BancorpSouth, Inc. 1994 Stock Incentive Plan.

1.18 Restricted Stock. An Award of a Stock grant that is subject to restrictions on transfer and/or a risk of forfeiture during a Performance Period, as described in Section 4.5. Shares of Stock that are subject to any such restrictions or risks of forfeiture shall cease to be Restricted Stock at the time that such restrictions and risks of forfeiture lapse in accordance with the terms of the Agreement or Plan.

1.19 Restricted Stock Unit. An Award described in Section 4.6 that entitles a Participant to receive shares of Stock, cash or a combination of Stock and cash, as determined by the Committee. A Restricted Stock Unit represents an unfunded promise by the Company and is not a transfer of property within the meaning of section 83 of the Code.

1.20 Stock. The common stock of the Company, \$2.50 par value.

1.21 Ten Percent Shareholder. An individual who owns more than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate at the time he is granted an Incentive Option. For the purpose of determining if an individual is a Ten Percent Shareholder, he shall be deemed to own any voting stock owned (directly or indirectly) by or for his brothers and sisters (whether by whole or half blood), spouse, ancestors

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or lineal descendants and shall be considered to own proportionately any voting stock owned (directly or indirectly) by or for a corporation, partnership, estate or trust of which such individual is a shareholder, partner or beneficiary.

ARTICLE II

PURPOSE OF PLAN

The purpose of the Plan is to provide a performance incentive to, and to encourage stock ownership by, officers, employees and other persons providing services to the Company and its Affiliates, and to align the interests of such individuals with those of the Company, its Affiliates and its shareholders. It is intended that Participants may acquire or increase their proprietary interests in the Company and be encouraged to remain in the employ of the Company or of its Affiliates. The proceeds received by the Company from the sale of Stock pursuant to this Plan may be used for general corporate purposes.

ARTICLE III

ADMINISTRATION

3.1 Administration of Plan. The Plan shall be administered by the Committee. The express grant in the Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee. Any decision made or action taken by the Committee to administer the Plan shall be final and conclusive. No member of the Committee shall be liable for any act done in good faith with respect to this Plan or any Agreement or Award. The Company shall bear all expenses of Plan administration. In addition to all other authority vested with the Committee under the Plan, the Committee shall have complete authority to:

- (a) Interpret all provisions of this Plan;
- (b) Prescribe the form of any Agreement and notice and manner for executing or giving the same;
- (c) Make amendments to all Agreements;
- (d) Adopt, amend and rescind rules for Plan administration; and
- (e) Make all determinations it deems advisable for the administration of this Plan.

3.2 Authority to Grant Awards. The Committee shall have authority to grant Awards upon such terms the Committee deems appropriate and that are not inconsistent with the provisions of this Plan. Such terms may include conditions on the exercise of all or any part of an Award. In addition, the Committee or a subcommittee thereof may grant Awards that are subject to the terms specified in the BancorpSouth, Inc. Executive Performance Incentive Plan.

3.3 Persons Subject to Section 16(b). Notwithstanding anything in the Plan to the contrary, the Committee, in its absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan to participants who are officers subject to section 16(b) of the Exchange Act, without so restricting, limiting or conditioning the Plan with respect to other Participants.

ARTICLE IV

ELIGIBILITY AND LIMITATIONS ON GRANTS

4.1 Participation. The Committee may from time to time designate officers, employees and other persons providing services to the Company and its Affiliates to whom Awards are to be granted and who are eligible to become Participants. Such designation shall specify the number of shares of Stock, Restricted Stock Units or Performance Units, if any, subject to each Award. All Awards granted under this Plan shall be evidenced by Agreements which shall be subject to applicable provisions of this Plan or such other provisions as the Committee may adopt that are not inconsistent with the Plan, including the provisions of the BancorpSouth, Inc. Executive Performance Incentive Plan.

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4.2 Grant of Awards. An Award shall be deemed to be granted to a Participant at the time that the Committee designates in a writing that is adopted by the Committee as the grant of an Award, and that makes reference to the Participant and the number and type of shares that are subject to the Award. Accordingly, an Award may be deemed to be granted prior to the time that an Agreement is executed by the Participant and the Company. In addition thereto, and not by way of limitation, the Committee or a subcommittee thereof may grant Awards to certain Participants that are subject to the terms specified in the BancorpSouth, Inc. Executive Performance Incentive Plan.

4.3 Limitations on Grants. A person who is not an employee of the Company or an Affiliate is not eligible to receive an Incentive Option. No person may receive Awards with respect to more than 120,000 shares of Stock (subject to increases and adjustments as provided in Article VIII) in any one-year period.

4.4 Limitation on Incentive Options. To the extent that the aggregate Fair Market Value of Stock with respect to which Incentive Options are exercisable for the first time by a Participant during any calendar year (under all stock incentive plans of the Company and its Affiliates) exceeds \$100,000 (or the amount specified in section 422 of the Code), determined as of the date an Incentive Option is granted, such Options shall be treated as Nonqualified Options. This provision shall be applied by taking Incentive Options into account in the order in which they were granted.

4.5 Restricted Stock. Each Award of Restricted Stock to a Participant shall specify the risks of forfeiture and/or restrictions on transfer during a Performance Period. The Committee may grant Restricted Stock to a Participant as a part of any arrangement established by the Committee and specified in an Agreement, and may include the obligation by the Participant to pay a purchase price specified by the Committee. A Participant who receives Restricted Stock shall be treated as a shareholder of the Company for all purposes, except that the rights of the Participant may be limited under the terms of the Agreement. Unless otherwise specified in an Agreement, Participants shall be entitled to receive dividends on and exercise voting rights with respect to shares of Restricted Stock.

4.6 Restricted Stock Units. Each Restricted Stock Unit Award shall specify the number of shares of Stock, the formula for determining the number of shares of Stock, and/or the amount of cash that a Participant may receive upon the satisfaction of conditions specified in the Award during the Performance Period, which may include the obligation of the Participant to pay a purchase price specified by the Committee. A Participant who receives Restricted Stock Units shall not be treated as a shareholder of the Company until the conditions specified in the Award have been satisfied therefor. Unless otherwise specified in an Agreement, Participants shall not be entitled to receive dividend equivalents on Restricted Stock Units.

4.7 Performance Shares. Each Performance Share Award shall specify the number of shares of Stock, or the formula for determining the number of shares of Stock, that a Participant may receive upon the satisfaction of conditions specified in the Award during the Performance Period, which may include the obligation of the Participant to pay a purchase price specified by the Committee. A Participant who receives Performance Shares shall not be treated as a shareholder of the Company until the conditions specified in the Award have been satisfied therefor. Unless otherwise specified in an Agreement, Participants shall not be entitled to receive dividend equivalents on Performance Shares.

ARTICLE V

STOCK SUBJECT TO PLAN

5.1 Source of Shares. Upon the satisfaction of conditions specified in an Award, the Company shall deliver to Participants authorized but previously unissued Stock or Stock that is held by the Company as treasury stock.

5.2 Maximum Number of Shares. The maximum aggregate number of shares of Stock that may be issued pursuant to the exercise of Awards is 6,916,000 shares, subject to increases and adjustments as provided in Article VIII. Provided, however, the portion of this aggregate limit that may be issued pursuant to Awards of Restricted Stock or Restricted Stock Units that are not subject to the achievement of performance conditions (other than continued service to the Company or an Affiliate) is limited to 638,566 shares of Stock.

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5.3 Forfeitures. If any Option granted hereunder expires or terminates for any reason without having been exercised in full, if any portion of a Restricted Stock Award is forfeited to the Company, or shares that are subject to any other Award are not transferable at the close of a Performance Period, the shares of Stock subject thereto shall again be available for issuance of an Award under this Plan.

ARTICLE VI

TERMS OF AWARDS

6.1 Exercise Price. The exercise price of an Incentive Option shall not be less than 100% of the Fair Market Value of a share of Stock on the date the Incentive Option is granted. In the case of a Ten Percent Shareholder, however, the exercise price of an Incentive Option shall not be less than 110% of the Fair Market Value of a share of Stock on the date the Incentive Option is granted. The exercise price of a Nonqualified Option shall not be less than 85% of the Fair Market Value of a share of stock on the date the Nonqualified Option is granted.

6.2 Right to Exercise. An Award shall be exercisable on any date established by the Committee or provided for in an Agreement, provided, however, that Options shall not be exercisable and Stock under any Award shall not be transferable until at least six months after the Award is granted. A Participant must exercise an Incentive Option while he is an employee of the Company or an Affiliate or within the periods that may be specified in the Agreement after termination of employment, death, disability or a change of control (as defined in any change of control agreement to which the Company and any such Participant are parties).

6.3 Maximum Exercise Period. The maximum period in which an Award may be exercised shall be determined by the Committee on the date of grant except that no Incentive Option shall be exercisable after the expiration of 10 years (five years in the case of Incentive Options granted to a Ten Percent Shareholder) from the date it was granted. The terms of any Award may provide that it is exercisable for a shorter period. All Incentive Options shall terminate on the date the Participant's employment with the Company terminates, except as otherwise provided in the Agreement with respect to termination of employment, death, disability or a change of control (as defined in any change of control agreement to which the Company and any such Participant are parties).

6.4 Transferability. Generally, any Award granted under this Plan shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the Participant only by the Participant. However, a Nonqualified Option or Restricted Stock granted under this Plan may be transferable to the extent provided in an Agreement. Provided, further, that no right or interest of a Participant in any Award shall be liable for, or subject to, any lien, obligation or liability of such Participant.

6.5 Employee Status. The Committee shall determine the extent to which a leave of absence for military or government service, illness, temporary disability, or other reasons shall be treated as a termination or interruption of employment for purposes of determining questions of forfeiture and exercise of an Award after termination of employment; provided, however, that if the period treated as employment with respect to an Incentive Option exceeds three months, such Option shall be deemed a Nonqualified Option.

ARTICLE VII

OPTION EXERCISE AND STOCK TRANSFER

7.1 Exercise. An Option granted hereunder shall be deemed to have been exercised on the Date of Exercise. Subject to the provisions of Articles VI and IX, an Option may be exercised in whole or in part at such times and in compliance with such requirements as the Committee shall determine.

7.2 Payment. Unless otherwise provided by the Agreement, payment of the Option price shall be made in cash, or, if approved by the Committee, an exercise involving the pledge of shares and a loan through a broker described in Securities and Exchange Commission Regulation T or Stock that was acquired prior to the exercise of the Option, other consideration acceptable to the Committee, or a combination thereof. Payment of the exercise price must include payment of withholding taxes as described in Section 7.3 in cash or under an arrangement that is acceptable to the Committee.

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7.3 Withholding Tax Requirements. Upon exercise of a Nonqualified Option, the lapse of restrictions on Restricted Stock, the transfer of Stock pursuant to an Award of Restricted Stock Units or Performance Shares, or any other event that results in liability for income tax by a Participant who received an Award as an employee of the Company or an Affiliate, the Participant shall, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the shares, pay to the Company amounts necessary to satisfy applicable federal, state and local withholding tax requirements or shall otherwise make arrangements satisfactory to the Company for such requirements. Such withholding requirements shall not apply to the exercise of an Incentive Option, or to a disqualifying disposition of Stock that is acquired with an Incentive Option, unless the Committee gives the Participant notice that withholding described in this Section is required.

7.4 Shareholder Rights. No Participant shall have any rights as a stockholder with respect to shares subject to Options prior to the Date of Exercise of such Option.

7.5 Issuance and Delivery of Shares. Subject to the conditions of Article IX, shares of Stock to be issued pursuant to an Award shall be delivered to Participants by the Company (or its transfer agent) as soon as administratively feasible after (i) a Participant receives an Award of Restricted Stock, (ii) a Participant exercises an Option, (iii) a Performance Period during which the Participant satisfies the requirements specified in a Restricted Stock Unit Award or Performance Share Award; provided, however, that the Company may condition the delivery of shares on the Participant's execution of any applicable shareholder agreement or agreement described in Section 9.2 that the Company requires at the time of exercise; and provided further that the Company may delay the delivery of Stock until all restrictions specified in an Award have lapsed.

ARTICLE VIII

ADJUSTMENT UPON CORPORATE CHANGES

8.1 Adjustments to Shares. The maximum number of shares of stock with respect to which Options hereunder may be granted and which are the subject of outstanding Options, and the exercise price thereof, shall be adjusted as the Committee determines (in its sole discretion) to be appropriate, in the event that:

(a) the Company or an Affiliate effects one or more stock dividends, stock splits, reverse stock splits, subdivisions, consolidations or other similar events;

(b) the Company or an Affiliate engages in a transaction to which section 424 of the Code applies; or

(c) there occurs any other event which in the judgment of the Committee necessitates such action;

Provided, however, that if an event described in paragraph (a) or (b) occurs, the Committee shall make adjustments to the limits on Awards specified in Sections 4.3 and 5.2 that are proportionate to the modifications of the Stock that are on account of such corporate changes. Notwithstanding the foregoing, the Committee may not modify the Plan or the terms of any Awards then outstanding or to be granted hereunder to provide for the issuance under the Plan of a different class of stock or kind of securities.

8.2 Substitution of Awards on Merger or Acquisition. The Committee may grant Awards in substitution for stock awards, stock options, stock appreciation rights or similar awards held by an individual who becomes an employee of the Company or an Affiliate in connection with a transaction to which section 424(a) of the Code applies. The terms of such substituted Awards shall be determined by the Committee in its sole discretion, subject only to the limitations of Article V.

8.3 Effect of Certain Transactions. The provisions of this Section 8.3 shall apply to the extent that an Agreement does not otherwise expressly address the matters contained herein. If the Company experiences an event which results in a Change in Control, as defined in Section 8.3(a), then, whether or not the vesting requirements set forth in any Agreement have been satisfied, (i) all shares of Restricted Stock that are outstanding at the time of the Change in Control shall become fully vested immediately prior to the Change in Control event, and (ii) all Options that are outstanding at the time of the Change in Control shall become fully vested and exercisable immediately prior to the Change in Control event.

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(a) A Change in Control will be deemed to have occurred for purposes hereof, if:

(1) any person as such term is used in Sections 13(d) and 14(d) of the Exchange Act, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation controlling the Company or owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the beneficial owner (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 25% of the total voting power represented by the Company's then outstanding Voting Securities (as defined below), or

(2) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or

(3) the shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) more than 65% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or

(4) the shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of its assets.

For purposes of this Section 8.3(a), Voting Securities of an entity shall mean any securities of the entity which vote generally in the election of its directors.

(b) If, as a result of the Change in Control, the Company is not the surviving entity after the transaction, or survives only as a subsidiary that is controlled by another entity, all Options that are held by the Participant immediately after the Change in Control shall be assumed by the entity which is the survivor of the transaction, or converted into options to purchase the common stock of the surviving entity, in a transaction to which section 424(a) of the Code applies.

(c) Notwithstanding the foregoing, a portion of the acceleration of vesting described in this Section shall not occur with respect to an Award to the extent such acceleration of vesting would cause the Participant or holder of such Award to realize less income, net of taxes, after deducting the amount of excise taxes that would be imposed pursuant to section 4999 of the Code, than if accelerated vesting of that portion of the Award did not occur. This Section 8.3(c) shall not apply to Awards that were granted prior to the February 14, 1998 amendment and restatement of this Plan.

8.4 No Adjustment Upon Certain Transactions. The issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services rendered, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, outstanding Awards.

8.5 Fractional Shares. Only whole shares of Stock may be acquired through the exercise of an Award. Any amounts tendered in the exercise of an Award remaining after the maximum number of whole shares have been purchased will be returned to the Participant in the form of cash.

ARTICLE IX

COMPLIANCE WITH LAW AND REGULATORY APPROVAL

9.1 General. No Award shall be exercisable, no Stock shall be issued, no certificates for shares of Stock shall be delivered and no payment shall be made under this Plan except in compliance with all federal or state

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laws and regulations (including, without limitation, withholding tax requirements), federal and state securities laws and regulations and the rules of all securities exchanges or self-regulatory organizations on which the Company's shares may be listed. The Company shall have the right to rely on an opinion of its counsel as to such compliance. Any certificate issued to evidence shares of Stock for which an Award is exercised may bear such legends and statements as the Committee upon advice of counsel may deem advisable to assure compliance with federal or state laws and regulations.

9.2 Representations by Participants. As a condition to the exercise of an Award, the Company may require a Participant to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares, if, in the opinion of counsel for the Company, such representation is required by any relevant provision of the laws referred to in Section 9.1. At the option of the Company, a stop transfer order against any shares of stock may be placed on the official stock books and records of the Company, and a legend indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel was provided (concurrent in by counsel for the Company) and stating that such transfer is not in violation of any applicable law or regulation may be stamped on the stock certificate in order to assure exemption from registration. The Committee may also require such other action or agreement by the Participants as may from time to time be necessary to comply with federal or state securities laws. This provision shall not obligate the Company or any Affiliate to undertake registration of options or stock hereunder.

ARTICLE X

GENERAL PROVISIONS

10.1 Effect on Employment. Neither the amendment and restatement of this Plan, nor its operation, nor any documents describing or referring to this Plan (or any part thereof) shall confer upon any employee any right to continue in the employ of the Company or an Affiliate or in any way affect any right and power of the Company or an Affiliate to terminate the employment of any employee at any time with or without assigning a reason therefor.

10.2 Unfunded Plan. The Plan, insofar as it provides for grants, shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by grants under this Plan. Any liability of the Company to any person with respect to any grant under this Plan shall be based solely upon contractual obligations that may be created hereunder. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

10.3 Rules of Construction. Headings are given to the articles and sections of this Plan solely as a convenience to facilitate reference. The masculine gender when used herein refers to both masculine and feminine. The reference to any statute, regulation or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

10.4 Governing Law. The laws of the State of Mississippi shall apply to all matters arising under this Plan, to the extent that federal law does not otherwise apply or preempt Mississippi law.

10.5 Compliance With Section 16 of the Exchange Act. With respect to persons subject to liability under section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 (or successor provisions) under the Exchange Act. To the extent any provision of this Plan or action by Committee fails to so comply, it shall be deemed null and void to the extent permitted by law and deemed advisable by the Committee.

10.6 Amendment. The Board may amend or terminate this Plan at any time; provided, however, an amendment that would have a material adverse effect on the rights of a Participant under an outstanding Award is not valid with respect to such Award without the Participant's consent, except as necessary for Incentive Options to maintain qualification under the Code; and provided, further, that the shareholders of the Company must approve, in general meeting:

(a) 12 months before or after the date of adoption, any amendment that increases the aggregate number of shares of Stock that may be issued under Incentive Options or changes the employees (or class of employees) eligible to receive Incentive Options;

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(b) before the effective date thereof, any amendment that increases the number of shares in the aggregate which may be issued pursuant to Awards granted under the Plan or the maximum number of shares with respect to which any individual may receive options in any calendar year, or increases the period during which Awards may be granted or exercised; and

(c) any amendment that is subject to approval of shareholders under the rules of the New York Stock Exchange, or such other exchange or trading system on which Stock becomes traded.

10.7 Duration of Plan. This Plan shall continue until it is terminated by the Board pursuant to Section 10.6. However, no Incentive Option may be granted under this Plan with respect to the _____ additional shares of Stock that are reserved for grant effective _____, 2005, pursuant to Section 5.2, after _____, 2015, which is 10 years after the date that this amendment and restatement of the Plan is adopted by the Board. No Incentive Option may be granted under this Plan with respect to the 2,000,000 additional shares of Stock that were reserved for grant effective February 14, 1998, pursuant to Section 5.2, after February 13, 2008. No Incentive Option may be granted under this Plan after December 27, 2004, with respect to the 916,000 shares of Stock that were originally reserved for grant hereunder effective December 28, 1994. Incentive Options granted before such dates shall remain valid in accordance with their terms.

10.8 Effective Date of Plan. This Plan was first adopted by the Board on December 28, 1994, was thereafter approved by the shareholders of the Company and was amended and restated effective February 14, 1998, and on _____, 2005. All Awards granted hereunder shall be governed by the terms of this amended and restated Plan; provided, however, that the terms of the Plan prior to this amendment shall apply to the extent that the terms of this restated Plan would have a material adverse effect on the rights of a Participant under an outstanding Award, unless the Participant has given consent to the change, or would modify the vesting rights and rights to exercise an outstanding Award.

IN WITNESS WHEREOF, the undersigned officer has executed this amendment and restatement of the Plan on this the ___ day of _____, 2005, but to be effective as provided in Section 10.8.

BANCORPSOUTH, INC.

By: _____

Its: _____

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APPENDIX B

**AMENDMENT TO THE BANCORPSOUTH, INC.
1995 NON-QUALIFIED STOCK OPTION PLAN FOR
NON-EMPLOYEE DIRECTORS**

THIS AMENDMENT to the BancorpSouth, Inc. 1995 Non-Qualified Stock Option Plan for Non-Employee Directors (the Plan) by BancorpSouth, Inc. (the Company) is made on this ___day of _____, 2005.

RECITALS:

WHEREAS, the Company established the Plan, effective January 24, 1995, for the purpose of providing automatic grants of non-qualified options each year to the non-employee directors of the Company to purchase Company stock;

WHEREAS, the Plan was amended and restated effective February 14, 1998, and the awards and shares authorized thereunder were adjusted to reflect the two for one split of the Company s common stock that occurred on May 15, 1998; and

WHEREAS, the Company desires to amend the Plan to increase the number of shares of Company stock that are available for purchase thereunder by 180,000 shares in order to provide for the continuation of the annual grants specified in the Plan; and

NOW, THEREFORE, the Plan is hereby amended by restating Section 5.2 of the Plan as follows, effective as of the date of the annual meeting of stockholders in which this amendment is approved:

5.2 Maximum Number of Shares. The maximum number of shares of Stock that may be issued pursuant to this Plan is increased effective with the 2005 annual shareholders meeting by 180,000 shares to a total of 564,000, subject to increases and adjustments as provided in Article VIII. From this limit, no more than 8,000 shares of Stock may be issued as Restricted Stock.

IN WITNESS WHEREOF, the undersigned officer of the Company has executed this Amendment on the date first written above.

BANCORPSOUTH, INC.

By: _____

Its: _____



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APPENDIX C

**Amendment to the BancorpSouth, Inc.
Executive Performance Incentive Plan**

This Amendment to the BancorpSouth, Inc. Executive Performance Incentive Plan (the Plan) is hereby adopted by BancorpSouth, Inc. (the Company).

Recitals:

Whereas, the Company established the Plan to provide meaningful economic incentives to key employees and align the economic interests of those key employees with the economic interests of the shareholders of the Company;

Whereas, the Plan was approved by the shareholders of the Company on April 28, 2004;

Whereas, the Company intends that all compensation payable and awards granted under the Plan qualify as performance-based compensation described in section 162(m)(4)(C) of the Internal Revenue Code; and

Whereas, the Company desires to amend the Plan to permit awards of certain stock incentives through the Company's 1994 Stock Incentive Plan;

Now, therefore, the Plan is amended as follows effective January 1, 2005:

I. Section 1.1 is restated as follows:

1.1 Award. An incentive compensation award issued hereunder to a Participant that is subject to and dependent upon the attainment of one or more performance goals. Payments under Awards will be made in the form of cash or common stock of the Company, and may be provided in fulfillment of cash bonus or stock incentive obligations that are payable under an employment agreement between a Participant and the Company. Awards that are paid in the common stock of the Company shall be made under the BancorpSouth, Inc. 1994 Stock Incentive Plan and shall be subject to the terms and conditions of such plan, including the annual limits on grants contained therein.

II. Paragraph (a) of Article II is restated as follows:

(a) Select Participants who may receive Awards, and grant Awards pursuant to the terms hereof;

III. Section 3.2 is restated as follows:

3.2 Form of Payment. An Award shall be paid to a Participant in the form of cash or, for Awards made pursuant to the BancorpSouth, Inc. 1994 Stock Incentive Plan, common stock of the Company. The amount of cash or stock shall be stated as a fixed amount or as an objective formula for computing the amount of compensation payable if the performance goal is obtained. A formula for computing cash or stock compensation may be expressed as a percentage of base compensation payable to a Participant or on any other basis that yields a determinable amount of compensation. The maximum amount of cash compensation that is payable under all Awards made to a Participant during a calendar year is \$4,000,000. The maximum number of shares of common stock of the Company that may be issued pursuant to an Award shall be determined pursuant to the terms of the BancorpSouth, Inc. 1994 Stock Incentive Plan.

IV. Section 4.2 is restated as follows:

4.2 Time of Payment. Except as provided in Section 4.5, cash or stock compensation amounts that become payable under an Award after attainment of performance goals shall be paid as soon as practicable (as determined by the Committee) following the close of the Performance Period (the Payment Date).

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In Witness Whereof, this Amendment is hereby executed by the undersigned officer of the Company on ____, 2005, but effective on the date stated herein.

BancorpSouth, Inc.

By: _____

Its: _____

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			Mark your vote as indicated in this example	x
		FOR all nominees listed (except marked to the contrary)	WITHHOLD AUTHORITY to vote for all nominees listed	
Proposal 1.	Election of Directors. Nominees: 01 - W. G. Holliman, Jr. 02 - James V. Kelley 03 - Turner O. Lashlee 04 - Alan W. Perry	o		o
Instructions:	To withhold authority to vote for any individual nominee, write his or their name(s) on the space provided below:			

		FOR	AGAINST	ABSTAIN
Proposal 2.	Proposal to approve the amendment and restatement of the BancorpSouth, Inc. 1994 Stock Incentive Plan.	o	o	o
Proposal 3.	Proposal to approve the amendment to the BancorpSouth, Inc. 1995 Non-Qualified Stock Option Plan for Non-Employee Directors.	o	o	o
Proposal 4.	Proposal to approve the amendment to the BancorpSouth, Inc. Executive Performance Incentive Plan.	o	o	o
Proposal 5.	Proposal to ratify the appointment of KPMG LLP as independent auditors of BancorpSouth, Inc. and its subsidiaries for the year ending December 31, 2005.	o	o	o

The undersigned instructs that this Proxy be voted as marked.

Dated: _____, 2005

Signature of Shareholder

Signature if held jointly

ñ **DETACH PROXY CARD HERE IF YOU ARE NOT VOTING BY INTERNET OR TELEPHONE** ñ

VOTE BY INTERNET

Access the website and
cast your vote:
www.votefast.com

VOTE BY TELEPHONE

Call **Toll-Free** using a
touch-tone phone:
1-800-542-1160

VOTE BY MAIL

Return your proxy card in the
postage-paid envelope
provided.

Vote 24 hours a day, 7 days a week!

Your Internet or telephone vote must be received by 10:59 p.m. (Central Time) on Tuesday,
April 26, 2005 to be counted in the final tabulation.

à

**IF YOU HAVE VOTED BY INTERNET OR TELEPHONE, THERE IS NO NEED FOR YOU TO MAIL
BACK YOUR PROXY CARD.
THE INTERNET AND TELEPHONE VOTING FACILITIES WILL CLOSE AT 10:59 P.M. (CENTRAL
TIME) ON APRIL 26, 2005.**

Dear BancorpSouth Shareholder:

Here is your opportunity to invest in additional shares of BancorpSouth, Inc. common stock with all brokerage commissions and service fees paid for you through our Dividend Reinvestment Plan. The main features of the plan are:

You may elect to reinvest your cash dividends in shares of BancorpSouth, Inc. common stock;

You may purchase additional shares of BancorpSouth, Inc. common stock by making cash payments of \$25.00 to \$5,000.00 quarterly;

The service is free of cost to you, and we pay all brokerage commissions and service fees;

Record keeping is simplified, and your stock is held for you in safekeeping until you request a certificate;

Participation is entirely voluntary and may be terminated at any time; and

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Your quarterly dividend and/or cash payment will be fully invested in whole and fractional shares on which any future dividends will be credited.

If you have any questions about this plan or if you would like to receive a prospectus which describes the plan and the enrollment procedures in detail, please contact SunTrust Bank, Stock Transfer Department, P.O. Box 4625, Atlanta, GA 30302-4625, or call toll-free 1-800-568-3476.

Sincerely,

/s/ Aubrey B. Patterson
Aubrey B. Patterson
Chairman of the Board
and Chief Executive Officer

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PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

**BANCORPSOUTH, INC.
Proxy for Annual Meeting of Shareholders**

The undersigned hereby appoints Larry G. Kirk, Guy W. Mitchell, III and W. Cal Partee, Jr., or any of them, as proxies, with full power of substitution and resubstitution, to vote all of the shares of BancorpSouth, Inc. common stock which the undersigned is entitled to vote at the annual meeting of shareholders of BancorpSouth, Inc., to be held at the BancorpSouth Conference Center, 375 East Main Street, Tupelo, Mississippi, on Wednesday, April 27, 2005, at 9:30 a.m. (Central Time), and at any adjournment thereof.

This proxy is being solicited by the Board of Directors and will be voted as specified. If not otherwise specified, the above named proxies will vote (1) FOR the election as directors of the nominees named on the back of this card, (2) FOR the approval of the amendment and restatement of the BancorpSouth, Inc. 1994 Stock Incentive Plan, (3) FOR the approval of the amendment to the BancorpSouth, Inc. 1995 Non-Qualified Stock Option Plan for Non-Employee Directors, (4) FOR the approval of the amendment to the BancorpSouth, Inc. Executive Performance Incentive Plan, (5) FOR the ratification of the appointment of KPMG LLP as the auditors of BancorpSouth, Inc. and its subsidiaries for the year ending December 31, 2005, and (6) in accordance with the recommendation of the Board of Directors on any other matter that may properly come before the annual meeting. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournments or postponements thereof.

(Continued, and to be marked, dated and signed on the other side.)

ñ **DETACH PROXY CARD HERE IF YOU ARE NOT VOTING BY INTERNET OR TELEPHONE** ñ

To vote by Internet, you need to access the website www.voteast.com and enter the eleven-digit control number found on this proxy card. The website will then guide you through the voting process.

To vote by telephone, you need to call 1-800-542-1160 and enter the eleven-digit control number found on this proxy card. If you wish to vote **FOR** all proposals as the Board of Directors recommends, 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.