





**BancorpSouth Bank**  
**Attachment to Form 8937**  
**EIN: 64-0117230**  
**Report of Organizational Actions Affecting Basis of Securities**

**Form 8937 Part I, Box 9:**

The securities subject to reporting include all shares of BancorpSouth Bank ("BancorpSouth") common stock issued in exchange for the outstanding common stock of Icon Capital Corporation (the "Company") as a result of the merger of the Company with and into BancorpSouth on October 1, 2018.

**Form 8937 Part II, Box 14:**

On October 1, 2018, the Company completed a merger with BancorpSouth. Pursuant to the terms and conditions of the Agreement and Plan of Merger (the "Agreement"), dated as of April 18, 2018, the Company merged with and into BancorpSouth. As a result of the merger, BancorpSouth is the surviving corporation while the Company ceased to exist as a corporation.

As noted in the Agreement and Plan of Merger, dated October 1, 2018, the Company shareholders received .5896 shares of BancorpSouth common stock and \$1.07 in cash for each share of the Company stock.

Additionally, the shareholders of the Company are entitled under the Agreement to an interest of up to approximately \$0.96 per share comprised of proceeds deposited in an escrow account, if, to the extent and when released to the Company's shareholders. BancorpSouth Bank placed \$7million in an escrow account to address the collectability of a specified group of the Company's loans. The Company's shareholders are able to recoup part or all of the difference between \$7 million and the aggregate amount of loss or third-party collection expenses incurred by BancorpSouth Bank related to the group of problem loans. Each shareholder is entitled to their pro rata share of the future payments divided by the number of fully diluted shares of the Company.

The proper tax treatment of the future payment is uncertain and a portion of each future payment received by a Company shareholder may be treated as interest income for U.S. federal income tax purposes.

No fractional shares of BancorpSouth common stock were issued in the merger, rather BancorpSouth paid cash in lieu of fractional shares. The cash value of a fractional share is based on the average closing price over a ten day trading period, for a share price of \$34.12 (the average closing price over a ten consecutive trading day period, ending on and including the fifth trading day prior to the closing date).

**Form 8937 Part II, Box 15:**

The merger of the Company with and into BancorpSouth Stock qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each Company shareholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange; or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares of BancorpSouth common stock received in the exchange (measured at the time of the exchange) exceeds the Company shareholder's tax basis in the Company shares surrendered in the exchange.

For purposes of calculating this taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of BancorpSouth common stock (see discussion of cash received in lieu of fractional shares below).

Gain or loss must be calculated separately for each identifiable block of the Company common shares surrendered in the exchange having a common tax basis. Each Company shareholder is encouraged to consult their own personal tax advisor regarding the determination of this realized gain or loss on the exchange.

Each Company shareholder is required to determine the tax basis of the shares of BancorpSouth stock received in the exchange by performing the following calculations separately for each identifiable block of the Company common shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the Company common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares described below)
- Subtract the tax basis in any fractional shares of BancorpSouth common stock that were deemed to have been received in the exchange and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of the shares of BancorpSouth common stock received in the exchange for that identifiable block of the Company common shares transferred. The tax basis of each individual share of BancorpSouth common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of BancorpSouth common shares that comprise this identifiable block.

The Company shareholders who receive cash in lieu of a fractional share of BancorpSouth common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These Company shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the common shares deemed to have been exchanged for the fractional share and the amount of cash received.

The Company shareholders are advised to consult with their own tax advisors regarding the proper tax treatment of the receipt of the consideration paid by BancorpSouth, including the future payments and the effect of the receipt of the right of the future payments and payments thereon on their tax basis in the shares of BancorpSouth they receive in the transaction.

Please see the examples following this document. These examples illustrate how to calculate, for U.S. federal income tax purposes, taxable gains (if any) on the merger, as well as the tax basis of the new BancorpSouth Bank shares received in the merger.

**Form 8937 Part II, Box 16:**

Refer to the description of the basis calculation in Part II, Box 15 above. The October 1, 2018 closing price of a single share of BancorpSouth common stock on the New York Stock Exchange was \$32.67.

**Form 8937 Part II, Box 17:**

BancorpSouth's acquisition of the Company, pursuant to the merger completed on October 1, 2018, was structured to qualify as reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In general, the income tax consequences to the shareholders are determined under Internal Revenue Code sections 302, 354, 356, 358, 361, and 368.

**Form 8937 Part II, Box 18:**

In general, none of the Company shareholders who received BancorpSouth common stock and cash for all of their Company stock will recognize any loss. A Company shareholder who received cash in lieu of a fractional share of Company common stock may recognize loss if the amount of cash received is less than the basis in the fractional share, as applicable.

**Form 8937 Part II, Box 19:**

In general, any adjustment to the tax basis that causes gain or loss recognized by the Company shareholder as a result of the completion of the Merger should be reported for the taxable year which includes October 1, 2018. A calendar year shareholder would report the transaction on a 2018 federal income tax return. The holding period of BancorpSouth common stock received in exchange for shares of Company common stock will include the holding period of the Company common stock for which it is exchanged. A holder of Company common stock who received cash in lieu of a fractional share of BancorpSouth common stock will generally be treated as having received the fractional share pursuant to the merger and then as having sold the fractional share of common stock for cash.

No ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Merger described in this report. This report is not binding on the IRS and the IRS and the U.S. courts could disagree with one or more of the positions described above.

This information in this form does not constitute tax advice and each holder of Icon Capital Corporation common stock is urged to consult its tax advisor with respect to the application of United States federal income tax laws to the holder's particular situation.

# Examples Illustrating Merger Tax Consequences to Former Icon Capital Corporation Shareholders

This document provides examples illustrating how to calculate, for U.S. Federal Income tax purposes, taxable gains and losses on the merger, as well as the tax basis of the new BancorpSouth Bank shares received in the merger. The examples are for individuals who are citizens or residents of the United States, purchased all of their Icon Capital Corporation shares for cash and held those shares as a capital asset (generally, for investment purposes). The examples do not address any special tax rules that may apply (including shares received as compensation), nor do they address the consequences of any state, local, or foreign tax laws.

The examples are not meant to provide you with tax advice and you should not rely on them. Your tax consequences depend on your individual circumstances and could differ significantly from those in the examples. **You should consult your own tax advisor regarding the specific tax consequences of the merger to you in light of your own tax circumstances.** These examples are provided for illustrative purposes only.

The taxable gain or loss for U.S. federal tax purposes for U.S. taxpayers and the tax basis of the new BancorpSouth Bank shares received in the merger may be calculated as follows:

Step 1: *Calculate the Original Cost Basis in Icon Capital Corporation Shares.* The cost basis generally equals the amount you paid for your Icon Capital Corporation shares.

Step 2: *Calculate the Total Consideration Received in the Merger.* The total merger consideration equals (1) the fair market value of the new BancorpSouth Bank shares plus (2) the amount of cash that you received in the merger.

Step 3: *Calculate the Taxable Gain or Loss Realized in the Merger.* The realized gain or loss equals (1) the total merger consideration (as determined in Step 2), minus (2) the cost basis in Icon Capital Corporation common stock (as determined in Step 1).

Step 4: *Calculate the Taxable Gain Recognized in the Merger.* The recognized equals the lesser of (1) the cash you received in the merger and (2) the total gain realized on your Icon Capital Corporation common stock (as determined in Step 3). You will not be permitted to recognize a loss.

Step 5: Calculate the Total Basis in BancorpSouth Bank Common Stock.

Your total basis in the BancorpSouth Bank common stock received in the merger equals (1) the original cost basis in your Icon Capital Corporation common stock (as determined in Step 1), minus (2) the cash you received in the merger (excluding any cash received in lieu of fractional shares), plus (3) the taxable gain you recognized in the merger, if any (as determined in Step 4).

Step 6: Calculate the Taxable Gain or Loss Recognized on any Fractional Shares. Your gain or loss on the exchange of any fractional BancorpSouth Bank share for cash equals (1) the cash you received in exchange for the fractional share, minus (2) your basis in the fractional share (determined based on the calculation in Step 5).

Step 7: Calculate the Total Basis in Remaining BancorpSouth Bank Shares. Your total basis in the remaining BancorpSouth Bank shares equals (1) your basis in the BancorpSouth Bank shares received in the merger (as determined in Step 5), minus (2) your basis in the fractional shares (as determined for purposes of Step 6).

If you owned multiple blocks of Icon Capital Corporation common stock purchased at different share prices, you will calculate your gain on a block-by-block basis. You should consult your tax advisor regarding your basis in the BancorpSouth Bank common stock received in exchange for multiple blocks of Icon Capital Corporation common stock.

The following three examples utilize the calculations described above and are for illustrative purposes only and should not be considered tax advice. In each example, it is assumed that you owned 100 shares of Icon Capital Corporation common stock at the time of the merger. For purposes of calculating the total consideration received in the merger (Step 2) the fair market value of the BancorpSouth Bank shares received in the merger was \$32.67 per share. The cash value for a fractional share is \$34.12. A fractional share of BancorpSouth Bank stock is treated as having been issued in the merger and immediately redeemed by BancorpSouth Bank in exchange for cash issued in lieu of fractional shares.

In each example you would have been entitled to 58 shares of BancorpSouth Bank common stock (100 Icon Capital Corporation shares times the 0.5896 stock exchange ratio), \$32.76 cash in lieu of fractional shares (.96 shares of BancorpSouth Bank stock times \$34.12 for a fractional share), and \$107.00 in cash (100 Icon Capital Corporation shares times the \$1.07 cash ratio).

The examples differ as to the original cost basis in Icon Capital Corporation common stock. In Example 1, you are assumed to have had an original basis of \$15 per Icon Capital Corporation share. In Example 2, your basis is assumed to be \$20 per share, while in Example 3, your basis is assumed to be \$30 per share.

**Example 1:****Step 1: Original Cost Basis in Icon Capital Corporation Shares**

100 shares x \$15/share \$1,500.00

**Step 2: Total Consideration Received in the Merger**

Stock Merger Consideration (58 BancorpSouth Bank shares x \$32.67) \$1,894.86  
Plus: Cash Merger Consideration (100 Icon Capital Corporation shares x \$1.07) 107.00  
Plus: Cash Merger Consideration (.96 BancorpSouth Bank shares x \$34.12) 32.76  
Total Consideration Received \$2,034.62

**Step 3: Taxable Gain or Loss Realized in the Merger**

Total Consideration Received \$2,034.62  
Less: Original Cost Basis of Icon Capital Corporation shares (1,500.00)  
Total Gain Realized \$ 534.62

**Step 4: Taxable Gain Recognized in the Merger**

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration) \$ 107.00

**Step 5: Total Basis in New BancorpSouth Bank Shares**

Original Cost Basis in Icon Capital Corporation shares \$1,500.00  
Less: Cash Merger Consideration (107.00)  
Plus: Taxable Gain Recognized 107.00  
Basis in BancorpSouth Bank Shares (58 shares) \$1,500.00

**Step 6: Taxable Gain or Loss Recognized on Fractional Share**

Cash Paid in Lieu of Fractional Share (0.96 x \$34.12) \$ 32.76  
Less: Basis Attributable to Fractional Share [(0.96/58.96) x 1,500.00] (24.42)  
Taxable Gain on Fractional Share \$ 8.34

**Step 7: Total Basis in the Remaining BancorpSouth Bank Shares**

Basis in BancorpSouth Bank shares (58 shares) \$1,500.00  
Less: Basis Attributable to Fractional Share (from Step 6) (24.42)  
Basis in Remaining BancorpSouth Bank Shares (58 shares) \$1,475.58

Per Share Basis (\$1,475.58/58 shares) \$25.44

In this example, you would report a total taxable gain of \$115.34 (\$107.00 plus \$8.34) from the merger, and you would have a tax basis of \$1,475.58 in the 58 shares of BancorpSouth Bank common stock that you received.

**This calculation is for illustrative purposes only and should not be considered tax advice. Specific questions about your unique situation should be discussed with your tax advisor.**

**Example 2:**

**Step 1: Original Cost Basis in Icon Capital Corporation Shares**

100 shares x \$20/share \$2,000.00

**Step 2: Total Consideration Received in the Merger**

Stock Merger Consideration (58 BancorpSouth Bank shares x \$32.67) \$1,894.86

Plus: Cash Merger Consideration (100 Icon Capital Corporation shares x \$1.07) 107.00

Plus: Cash Merger Consideration (.96 BancorpSouth Bank shares x \$34.12) 32.76

Total Consideration Received \$2,034.62

**Step 3: Taxable Gain or Loss Realized in the Merger**

Total Consideration Received \$2,034.62

Less: Original Cost Basis of Icon Capital Corporation shares (2,000.00)

Total Gain Realized \$ 34.62

**Step 4: Taxable Gain Recognized in the Merger**

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration) \$ 34.62

**Step 5: Total Basis in New BancorpSouth Bank Shares**

Original Cost Basis in Icon Capital Corporation shares \$2,000.00

Less: Cash Merger Consideration (107.00)

Plus: Taxable Gain Recognized 34.62

Basis in BancorpSouth Bank Shares (58 shares) \$1,927.62

**Step 6: Taxable Gain or Loss Recognized on Fractional Share**

Cash Paid in Lieu of Fractional Share (0.96 x \$34.12) \$ 32.76

Less: Basis Attributable to Fractional Share [(0.96/58.96) x 2,000.00] (32.56)

Taxable Gain on Fractional Share \$ 0.20

**Step 7: Total Basis in the Remaining BancorpSouth Bank Shares**

Basis in BancorpSouth Bank shares (58 shares) \$1,927.62

Less: Basis Attributable to Fractional Share (from Step 6) (32.56)

Basis in Remaining BancorpSouth Bank Shares (58 shares) \$1,895.06

Per Share Basis (\$1,895.06/58 shares) \$ 32.67

In this example, you would report a total taxable gain of \$34.82 (\$34.62 plus \$0.20) from the merger, and you would have a tax basis of \$1,895.06 in the 58 shares of BancorpSouth Bank common stock that you received.

**This calculation is for illustrative purposes only and should not be considered tax advice. Specific questions about your unique situation should be discussed with your tax advisor.**

**Example 3:****Step 1: Original Cost Basis in Icon Capital Corporation Shares**

100 shares x \$30/share \$3,000.00

**Step 2: Total Consideration Received in the Merger**

Stock Merger Consideration (58 BancorpSouth Bank shares x \$32.67) \$1,894.86  
Plus: Cash Merger Consideration (100 Icon Capital Corporation shares x \$1.07) 107.00  
Plus: Cash Merger Consideration (.96 BancorpSouth Bank shares x \$34.12) 32.76  
Total Consideration Received \$2,034.62

**Step 3: Taxable Gain or Loss Realized in the Merger**

Total Consideration Received \$2,034.62  
Less: Original Cost Basis of Icon Capital Corporation shares (3,000.00)  
Total Gain Realized (\$ 965.38)

**Step 4: Taxable Gain Recognized in the Merger**

Taxable Gain Recognized (Lesser of Total Gain Realized or Cash Merger Consideration) \$ 0.00

**Step 5: Total Basis in New BancorpSouth Bank Shares**

Original Cost Basis in Icon Capital Corporation shares \$3,000.00  
Less: Cash Merger Consideration (107.00)  
Plus: Taxable Gain Recognized 0.00  
Basis in BancorpSouth Bank Shares (58 shares) \$2,893.00

**Step 6: Taxable Gain or Loss Recognized on Fractional Share**

Cash Paid in Lieu of Fractional Share (0.96 x \$34.12) \$ 32.76  
Less: Basis Attributable to Fractional Share [(0.96/58.96) x 3,000.00] (48.85)  
Taxable Loss on Fractional Share \$ (16.09)

**Step 7: Total Basis in the Remaining BancorpSouth Bank Shares**

Basis in BancorpSouth Bank shares (58 shares) \$2,893.00  
Less: Basis Attributable to Fractional Share (from Step 6) (48.85)  
Basis in Remaining BancorpSouth Bank Shares (58 shares) \$2,844.15

Per Share Basis (\$2,844.15/58 shares) \$49.04

In this example, you would report a total taxable loss of (\$16.09) from the merger, and you would have a tax basis of \$2,844.15 in the 58 shares of BancorpSouth Bank common stock that you received.

**This calculation is for illustrative purposes only and should not be considered tax advice. Specific questions about your unique situation should be discussed with your tax advisor.**