

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933, AS AMENDED**THE PEOPLES HOLDING COMPANY**

(Exact name of registrant as specified in its charter)

Mississippi
(State or other
jurisdiction of incorporation
or organization)64-0676974
(I.R.S. Employer
Identification Number)209 Troy Street
Tupelo, Mississippi, 38804-0709
(662) 680-1001
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)Plan Of Assumption, Heritage Financial Holding Corporation
Incentive Stock Compensation Plan
(Full titles of the plans)E. ROBINSON McGRAW
President and Chief Executive Officer
The Peoples Holding Company
209 Troy Street
Tupelo, Mississippi 38804-0709
(662) 680-1001
(Name, address, including zip code, and telephone number,
including area code, of agent for service)Copy to:
JANE E. ARMSTRONG, ESQ.
Phelps Dunbar LLP
365 Canal St., Suite 2000
New Orleans, Louisiana 70130
(504) 584-9244

CALCULATION OF REGISTRATION FEE

Title of each Class of securities to be registered(1)(2)	Amount To be Registered	Proposed maximum offering price per unit(1)(2)(3)	Proposed maximum Aggregate offering price(1)(2)(3)	Amount of registration fee
Common Stock \$5.00 par value per share	372,500 Shares	\$ 30.80	\$ 11,473,000	\$ 1,350

⁽¹⁾ Consisting of 372,500 shares of the registrant's common stock to be issued under the Plan of Assumption, Heritage Financial Holding Corporation, Incentive Stock Compensation Plan.

⁽²⁾ In the event of a stock split, stock dividend or similar transaction involving the common stock of the registrant, in order to prevent dilution, the number of shares registered hereunder shall be automatically increased to cover the additional shares in accordance with Rule 416(a) under the Securities Act of 1933, as amended (the "1933 Act").

⁽³⁾ Estimated solely for purposes of calculating the amount of the registration fee, pursuant to Rule 457(h) of the 1933 Act, based upon the average of the high and low sales prices per share as reported on the American Stock Exchange on February 18, 2005.

The Registration Statement shall become effective upon filing in accordance with Rule 462 under the 1933 Act.

EXPLANATORY STATEMENT

The registrant, The Peoples Holding Company, entered into an Agreement and Plan of Merger providing for the merger of Heritage Financial Holding Corporation with and into the registrant, and the merger of Heritage Bank with and into The Peoples Bank & Trust Company, an affiliate of the registrant, now "Renasant Bank," both effective as of January 1, 2005. In connection therewith, the registrant agreed to assume the rights and obligations of Heritage Financial Holding Corporation under its Incentive Stock Compensation Plan. This registration statement is intended to register the options granted pursuant to such plan that were outstanding as of the effective date of such merger or as otherwise provided in such plan of assumption and to register shares of the registrant's common stock issuable upon the exercise of such options.

Part I **INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS**

*** Item 1. Plan Information.**

*** Item 2. Registrant Information and Employee Plan Annual Information.**

* The information required by Part I of Form S-8 to be contained in the Section 10(a) prospectus is omitted from this Registration Statement in accordance with Rule 428 under the 1933 Act and the Note to Part I of Form S-8.

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed by the registrant with the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), are incorporated in this Registration Statement by reference:

(1) The registrant's Annual Report on Form 10-K for the year ended December 31, 2003, filed with the Commission on March 11, 2004.

(2) The registrant's Quarterly Reports on form 10-Q for the quarter ended March 31, 2004, filed with the Commission on May 10, 2004, the quarter ending June 30, 2004, filed with the Commission on August 9, 2004 and the quarter ending on September 30, 2004, filed with the Commission on November 9, 2004.

(3) The registrant's Current Reports on Form 8-K filed with the SEC on January 22, 2004, February 18, 2004, February 20, 2004, February 27, 2004, April 21, 2004, May 20, 2004, June 3, 2004, July 1, 2004, July 15, 2004, July 21, 2004, August 19, 2004, September 3, 2004, October 20, 2004, amended October 22, 2004, November 18, 2004, December 17, 2004, January 3, 2005, January 6, 2005, January 11, 2005, January 19, 2005, January 24, 2005, February 3, 2005, February 7, 2005, and February 17, 2005, excluding any information furnished under items 9 or 12 thereof.

(4) A description of the registrant's common stock, contained in the registrant's Registration Statement on Form S-4, filed with the Commission on February 17, 1999.

All documents subsequently filed by the registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the 1934 Act prior to the filing by the registrant of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statements so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interest of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

The Mississippi Business Corporation Act (“MBCA”) empowers a corporation to indemnify an individual who is a party to a proceeding because he is a director against liability incurred in the proceeding if:

- He conducted himself in good faith;
- He reasonably believed in the case of conduct in his official capacity, that his conduct was in the best interests of the corporation, and in all other cases, that his conduct was at least not opposed to the best interests of the corporation; and
- In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

A corporation may also indemnify an individual who engaged in conduct which broader indemnification has been made permissible or obligatory under a provision of the articles of incorporation as authorized by Section 79-4-2.02(b)(5) of the MBCA. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the relevant standard of conduct.

Unless ordered by a court under Section 79-4-8.54(a)(3) of the MBCA, a corporation may not indemnify a director:

- In connection with a proceeding by or in the right of the corporation except for reasonable expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct under the MBCA; or
- In connection with any proceeding with respect to conduct for which he was adjudged liable on the basis that he received a financial benefit to which he was not entitled, whether or not involving action in his official capacity.

The MBCA further provides that a corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding. Also, a corporation may, before final disposition of a proceeding, advance funds to pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding because he is a director. The director must deliver to the corporation: (1) a written affirmation of his good faith belief that he has met the relevant standard of conduct described in the MBCA or that the proceeding involves conduct for which liability has been eliminated under a provision of the articles of incorporation as authorized by the MBCA; and (2) his written undertaking to repay any funds advanced if he is not entitled to mandatory indemnification under the MBCA and it is ultimately determined under the MBCA that he has not met the relevant standard of conduct described in the MBCA. The undertaking

required must be an unlimited general obligation of the director. It need not be secured and may be accepted without reference to the financial ability of the director to make repayment.

A corporation may not indemnify a director as described above unless authorized by:

- The board of directors if there are two or more disinterested directors, by a majority vote of all the disinterested directors (a majority of whom shall for such purpose constitute a quorum) or by a majority of the members of a committee of two or more disinterested directors appointed by such a vote;
- Special legal counsel selected in accordance with the MBCA; or
- The shareholders, but shares owned by or voted under the control of a director who at the time does not qualify as a disinterested director may not be voted on the authorization.

A corporation may also indemnify and advance expenses to an officer of the corporation who is a party to a proceeding because he is an officer to the same extent as for a director.

The bylaws of the registrant contain the following indemnification provision: “[a]ny person, his heirs, executors, or administrators, may be indemnified by the corporation for reasonable expenses (including judgments and compromise settlements, except where as in a derivative suit situation any judgment in the matter would run in favor of the corporation) actually incurred in connection with any action, suit or proceeding, civil or criminal, to which he was made a party by reason of service as a director, officer, or employee of the corporation, provided, however, that no person shall be so indemnified or reimbursed as to any matter as to which he shall finally be adjudged to have been guilty of gross negligence, willful misconduct or criminal acts in the performance of his duty to the corporation; and, provided further, that no person shall be so indemnified or reimbursed as to any matter in such action or suit which has been as the subject of a compromise settlement except with the approval (1) of a court of competent jurisdiction, or (2) the holders of record of a majority of the outstanding shares of the corporation, or (3) a majority of the corporation’s board of directors, excluding members who are parties to the same or substantially the same suit or proceeding. The foregoing right of indemnification or reimbursement shall not be exclusive of other rights to which such person may be entitled as a matter of law. The board of directors of the registrant may, in its discretion, purchase directors’ and officers’ liability insurance coverage to provide, in whole or in part, for such indemnification or reimbursement.”

The registrant maintains an insurance policy insuring the registrant and its directors and officers against certain liabilities.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

- 4.1 Agreement and Plan of Merger, dated July 15, 2004, by and among The Peoples Holding Company, The Peoples Bank & Trust Company, Heritage Financial Holding Corporation and Heritage Bank, filed as Annex A-1 to the registrant's Registration Statement on Form S-4/A on November 23, 2004 and incorporated herein by reference, Commission File No. 333-119572.
- 4.2 Articles of Incorporation and Articles of amendment to Articles of Incorporation, filed as Exhibit 3.1 to The Peoples Holding Company's Registration Statement on Form S-4 filed on February 17, 1999, as amended, and incorporated herein by reference, Commission File No. 333-72507.
- 5 Opinion of Phelps Dunbar LLP as to the legality of the securities being registered hereunder.
- 23.1 Consent of Ernst & Young LLP.
- 23.2 Consent of Phelps Dunbar LLP, included in Exhibit 5 hereto.
- 24.1 Power of Attorney, included in the signature pages hereunder.
- 99.1 Plan of Assumption, Heritage Financial Holding Corporation, Incentive Stock Compensation Plan, initially adopted on January 18, 2005, as amended on February 15, 2005.
- 99.2 Heritage Financial Holding Corporation, Incentive Stock Compensation Plan, filed as Exhibit (4)-3 to the Heritage Financial Holding Corporation Registration Statement on Form S-8 filed on February 20, 2001, and incorporated herein by reference, Commission File No. 333-55942.

Item 9. Undertakings.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the 1933 Act;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and

- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

PROVIDED, HOWEVER, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by registrant pursuant to Section 13 or Section 15(d) of the 1934 Act that are incorporated by reference in the Registration Statement;

- (2) That, for the purpose of determining any liability under the 1933 Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; and
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the 1933 Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the 1934 Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the 1933 Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tupelo, State of Mississippi, on this 15th day of February, 2005.

THE PEOPLES HOLDING COMPANY

By: /s/ E. Robinson McGraw
E. Robinson McGraw
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears immediately below constitutes and appoints E. Robinson McGraw and Stuart R. Johnson, his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the 1933 Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ E. Robinson McGraw</u> E. Robinson McGraw	President and Chief Executive Officer and Director (Principal Executive Officer)	February 15, 2005
<u>/s/ Stuart R. Johnson</u> Stuart R. Johnson	Chief Financial Officer (Principal Financial and Accounting Officer)	February 15, 2005
<u>/s/ William M. Beasley</u> William M. Beasley	Director	February 15, 2005

<u>/s/ George H. Booth, II</u> George H. Booth, II	Director	February 15, 2005
<u>/s/ Frank B. Brooks</u> Frank B. Brooks	Director	February 15, 2005
<u>/s/ Francis J. Cianciola</u> Francis J. Cianciola	Director	February 15, 2005
<u>/s/ John M. Creekmore</u> John M. Creekmore	Director	February 15, 2005
<u>/s/ Marshall H. Dickerson</u> Marshall H. Dickerson	Director	February 15, 2005
<u>/s/ John T. Foy</u> John T. Foy	Director	February 15, 2005
<u>/s/ Eugene B. Gifford, Jr.</u> Eugene B. Gifford, Jr.	Director	February 15, 2005
<u>/s/ Richard L. Heyer, Jr.</u> Richard L. Heyer, Jr.	Director	February 15, 2005
<u>/s/ Neal A. Holland</u> Neal A. Holland	Director	February 15, 2005
<u>/s/ Harold Jeffreys</u> Harold Jeffreys	Director	February 15, 2005
<u>/s/ Jack C. Johnson</u> Jack C. Johnson	Director	February 15, 2005
<u>/s/ Robert C. Leake</u> Robert C. Leake	Director	February 15, 2005

<u>/s/ J. Niles McNeel</u> J. Niles McNeel	Director	February 15, 2005
<u>/s/ C. Larry Michael</u> C. Larry Michael	Director	February 15, 2005
<u>Theodore S. Moll</u>	Director	February 15, 2005
<u>/s/ John W. Smith</u> John W. Smith	Director	February 15, 2005
<u>/s/ H. Joe Truelove</u> H. Joe Truelove	Director	February 15, 2005
<u>/s/ J. Larry Young</u> J. Larry Young	Director	February 15, 2005

EXHIBIT INDEX

Exhibit Number	Document Description
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5	Opinion of Phelps Dunbar LLP as to the legality of the securities being registered hereunder.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Phelps Dunbar LLP, included in Exhibit 5 hereto.
24.1	Power of Attorney, included in the signature pages hereunder.
99.1	Plan of Assumption, Heritage Financial Holding Corporation, Incentive Stock Compensation Plan, initially adopted on January 18, 2005, as amended on February 15, 2005.
99.2	Heritage Financial Holding Corporation, Incentive Stock Compensation Plan, filed as Exhibit (4)-3 to the Heritage Financial Holding Corporation Registration Statement on Form S-8 filed on February 20, 2001, and incorporated herein by reference, Commission File No. 333-55942.

February 17, 2005

The Peoples Holding Company
209 Troy Street
Tupelo, Mississippi 38802

Re: The Peoples Holding Company
Registration Statement on Form S-8
Plan of Assumption Heritage Financial Holding Corporation
Incentive Stock Compensation Plan

Ladies and Gentlemen:

We have acted as counsel to The Peoples Holding Company (the "Company") in connection with the preparation of the above-referenced Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission (the "Commission") with respect to the Company's assumption of certain options issued under the Heritage Financial Holding Corporation ("Heritage") Incentive Stock Compensation Plan, which was assumed by the Company in connection with the merger of Heritage with and into the Company and the merger of Heritage Bank with and into The Peoples Bank & Trust Company, now "Renasant Bank," each effective as of January 1, 2005 (the "Assumed Options") and the issuance of an aggregate of 372,500 shares of the Company's \$5.00 par value common stock (the "Common Stock") in connection with the exercise of the Assumed Options.

In so acting, we have examined and relied upon the original, or a photostatic or certified copy, of such records of the Company, certificates of officers of the Company and of public officials, and such other documents as we have deemed relevant and necessary as the basis for the opinion set forth below. In such examination, we have assumed the genuineness of all signatures appearing on all documents, the legal capacity of all persons signing such documents, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies, the accuracy and completeness of all corporate records made available to us by the Company, and the truth and accuracy of all facts set forth in all certificates provided to or examined by us.

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that shares of Common Stock to be issued upon the exercise of the Assumed Options have been duly authorized, and, when issued and paid for in accordance with the terms of the Assumed Options, will be validly issued, fully paid and non-assessable.

The foregoing opinions are limited to the laws of the State of Mississippi and the federal laws of the United States of America. We express no opinion as to matters governed by the laws of any other state. Furthermore, no opinion is expressed herein as to the effect of any future acts of the parties or changes in existing law. We undertake no responsibility to advise you of any changes after the date hereof in the law or the facts presently in effect that would alter the scope or substance of the opinions herein expressed.

This letter expresses our legal opinion as to the foregoing matters based on our professional judgment at this time; it is not, however, to be construed as a guaranty, nor is it a warranty that a court considering such matters would not rule in a manner contrary to the opinion set forth above.

We consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us in the prospectus under the caption "Legal Matters." In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, and the General Rules and Regulations of the Commission thereunder.

Very truly yours,

/s/ PHELPS DUNBAR LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-8) filed by the Peoples Holding Company (the "Company") pertaining to the options first issued by Heritage Financial Holding Corporation ("Heritage") under its Incentive Stock Compensation Plan, which were assumed by the Company as a condition of and in connection with the merger of Heritage with and into the Company, of our report dated February 12, 2004, except for Note T, as to which the date is February 17, 2004, with respect to the consolidated financial statements and schedules of The Peoples Holding Company included in its Annual Report (Form 10-K) for the year ended December 31, 2003, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Birmingham, Alabama
February 17, 2005

THE PEOPLES HOLDING COMPANY
PLAN OF ASSUMPTION
HERITAGE FINANCIAL HOLDING CORPORATION
INCENTIVE STOCK COMPENSATION PLAN

THIS PLAN OF ASSUMPTION (the “Plan”) was adopted by the Board of Directors of The Peoples Holding Company (the “Company”) pursuant to that certain Agreement and Plan of Merger between the Company, The Peoples Bank & Trust Company, Heritage Financial Holding Corporation (“Heritage”) and Heritage Bank, such agreement dated July 15, 2004, and effective as of January 1, 2005, under which the Company has agreed to assume the rights and obligations of the Heritage Financial Holding Corporation Incentive Stock Compensation Plan, which plan was first effective as of February 13, 2001, and was a predecessor to a similar plan maintained by Heritage Bank (the “Predecessor Plan”). The Plan was amended by the Board of Directors of the Company on February 15, 2005 to increase the number of shares authorized for issuance to 372,500.

1. Administration:

This Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the “Committee”), who shall possess the power and authority granted under Article I of the Predecessor Plan, subject to the limitations set forth herein.

Without the requirement of additional action, the Committee shall be deemed to have delegated the following administrative duties to the appropriate officers or employees of the Company: (a) the preparation and issuance of documents evidencing the Assumed Options (as defined below), and (b) the authority to receive notice of exercise of such Assumed Options, to issue shares of Common Stock (as defined below) in connection therewith, and to withhold such taxes as may be necessary or appropriate in connection therewith. The Committee may, from time to time, delegate to the appropriate officers of the Company and its affiliates such additional administrative duties as they may deem necessary or appropriate.

2. Shares Reserved For Issuance:

2.1 Number and Type of Shares. Subject to adjustment as provided in Section 2.2 hereof, the maximum number of shares of the Company’s \$5.00 par value common stock (the “Common Stock”) that may be issued hereunder in connection with the exercise of the Assumed Options shall not exceed 294,700 shares. Common Stock issued hereunder may be authorized and unissued shares or issued shares held as treasury shares or shares acquired on the open market or through private purchase.

2.2 Adjustment. In the event of a merger, consolidation or reorganization of the Company, there shall be substituted for each share of Common Stock then subject to this Plan

the number and kind of shares of stock or other securities to which the holders of Common Stock are entitled in such transaction. In the event of any recapitalization, stock dividend, stock split, combination of shares or other change in the number of shares of Common Stock then outstanding for which the Company does not receive consideration, the number of shares of Common Stock then subject to the Plan shall be adjusted in proportion to the change in outstanding shares of Common Stock. In the event of any such event, the purchase price of any Assumed Option and the shares of Common Stock issuable pursuant to any Assumed Option shall be adjusted to the extent necessary to prevent the dilution or enlargement of such option.

3. Assumed Options:

3.1 Number. Options granted under this Plan shall be those outstanding as of January 1, 2005, under the Predecessor Plan, consisting of 453,500 options to acquire the common stock of Heritage that were intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and 1,020,000 options to acquire the common stock of Heritage that were not intended to comply with the requirements of Code Section 422, all as more fully described on Exhibit A hereto (collectively, the "Assumed Options").

Subject to adjustment as provided in Section 2.2 hereof, no additional options shall be granted hereunder.

3.2 Terms. Except as expressly provided herein, the terms and conditions applicable to the Assumed Options shall be those set forth under the terms of the Predecessor Plan, including the terms of any personal agreement evidencing a specific grant made under the Predecessor Plan, subject to the modifications set forth herein:

- a. Shares subject to the Assumed Options shall be Common Stock; and
- b. The exercise price and the number of shares subject to each of the Assumed Options shall be adjusted as set forth Section 2.1(i) of the Merger Agreement, as if each holder of each such option elected to receive Stock Consideration (as defined in such Merger Agreement), subject to any adjustment necessary under Treas. Reg. §1.424-1(a)(5)(iii), and except that the number of shares of Common Stock to be issued on the exercise of an Assumed Option shall be rounded down to the nearest whole integer and cash shall be issued in lieu of a fractional share.

4. General Provisions:

4.1 Amendment and Termination. The Committee shall possess the authority to amend the terms of this Plan and the Assumed Options hereunder; provided, however, that (a) no such amendment shall materially impair any Assumed Option without the prior written consent of each affected person, and (b) any such amendment shall be approved by the Company's shareholders if such approval is required under applicable Federal or state law or the rules of any exchange or listing organization on which Common Stock is quoted or exchanged.

4.2 Withholding. The Company shall have the right to withhold from any payment made under the Plan or to collect as a condition of any such payment, any taxes required by law to be withheld.

4.3 Additional Legal Requirements; Legends. The obligation of the Company to deliver Common Stock hereunder shall be subject to all applicable laws, regulations, rules and approvals deemed necessary or appropriate by the Committee. Certificates for shares of Common Stock issued hereunder may be legended as the Committee shall deem appropriate.

4.4 Fractional Shares. No fractional share of Common Stock shall be issued or delivered pursuant to the Plan or any Assumed Option granted or awarded hereunder.

4.5 Governing Law. The validity, construction and effect of this Plan and any Assumed Option hereunder shall be determined in accordance with the laws of the State of Mississippi.

4.6 Construction. The Plan is intended to constitute the assumption of the Predecessor Plan in accordance with the terms of the Merger Agreement and, except as expressly provided herein, is not intended to enlarge or otherwise modify the rights of any person under the Predecessor Plan, including any form or ancillary document related thereto. Further, this Plan and the Assumed Options hereunder are not intended to provide for a deferral of compensation within the meaning of Code Section 409A. This Plan and any action taken by the Committee or any person in connection with the Plan shall be interpreted and construed in a manner consistent with the provisions of this Section 4.6.

THIS PLAN, as amended, was approved by the Board of Directors of The Peoples Holding Company on February 15, 2005.

The Peoples Holding Company

By: /s/ E. Robinson McGraw
E. Robinson McGraw
President and Chief Executive Officer

EXHIBIT A

**THE PEOPLES HOLDING COMPANY
PLAN OF ASSUMPTION
SUMMARY OF INCENTIVE STOCK OPTIONS**

<u>Name</u>	<u>Grant Date</u>	<u>Total Number of Options</u>	<u>Exchange Ratio</u>	<u>Post-Closing Option Shares</u>
Steven Blakely	4/15/03	10,000	0.20	2,000
Allen Crawford	6/3/03	6,000	0.20	1,200
Bonita Culver	11/3/03	4,000	0.20	800
Julie Davis	6/3/03	5,000	0.20	1,000
Bobby Deneefe	6/3/03	10,000	0.20	2,000
Kim Dillard	6/12/03	10,000	0.20	2,000
Donald E. Ellis	3/16/04	15,000	0.20	3,000
William Foshee	5/23/03	25,000	0.20	5,000
Mary L. Gill	7/21/03	5,000	0.20	1,000
Dan Gorman	4/15/03	15,000	0.20	3,000
Robert Harwell	4/15/03	50,000	0.20	10,000
Michael Hockman	4/15/03	40,000	0.20	8,000
Madelyn Manning	6/3/03	6,000	0.20	1,200
Larry Mathews	4/15/03	120,000	0.20	24,000
Tammy McCurry	6/3/03	7,500	0.20	1,500
David Mays	9/2/03	15,000	0.20	3,000
Dennis Miller	10/20/03	10,000	0.20	2,000
Alan Nickelsen	11/10/03	3,000	0.20	600
Robert Pettey	4/15/03	10,000	0.20	2,000
Don H. Pruett	4/15/03	50,000	0.20	10,000
Raymond Scott	8/15/03	20,000	0.20	4,000
David Tate	6/3/03	15,000	0.20	3,000
Ed Terrell	1/26/04	1,000	0.20	200
TOTAL		452,500		90,500

EXHIBIT A

THE PEOPLES HOLDING COMPANY
PLAN OF ASSUMPTION
SUMMARY OF NONQUALIFIED OPTIONS

<u>Name</u>	<u>Grant Date</u>	<u>Total Number of Options</u>	<u>Exchange Ratio</u>	<u>Post-Closing Option Shares</u>
Betty Brandon Sims	8/24/98	150,000	0.20	30,000
Bingham Edwards	8/24/98	150,000	0.20	30,000
Lenny Hayes	8/24/98	180,000	0.20	36,000
Neal Holland, Jr.	8/24/98	90,000	0.20	18,000
Harold Jeffreys	8/24/98	90,000	0.20	18,000
Larry Landman	8/24/98	180,000	0.20	36,000
Vernon Lane	8/24/98	90,000	0.20	18,000
John Moss	8/24/98	90,000	0.20	18,000
Gerald New, M.D.	8/24/98	120,000	0.20	24,000
Timothy Smalley	8/24/98	180,000	0.20	36,000
Jeron Witt	8/24/98	90,000	0.20	18,000
TOTAL		1,410,000		282,000