

SCHEDULE TO

TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) or 13(e)(1) OF
THE SECURITIES EXCHANGE ACT OF 1934

The Peoples Holding Company
(Name of Subject Company (Issuer))

The Peoples Holding Company
(Name of Filing Person, the Issuer)

COMMON STOCK, \$5.00 PAR VALUE
(Title of Class of Securities)

711148 10 6
(CUSIP Number of Class of Securities)

E. Robinson McGraw,
President and Chief Executive Officer
The Peoples Holding Company
209 Troy Street
Tupelo, Mississippi 38804
(662) 680-1001

(Name, address and telephone number of person authorized to
receive notices and communications on behalf of filing persons)

with a copy to:
W.P. Mitchell, Esq.
Mitchell, Voge, Corban and Morris, LLP
P.O. Box 29
108 N. Broadway Street
Tupelo, Mississippi 38804
(662) 842-4231

CALCULATION OF FILING FEE

Transaction valuation*	Amount of filing fee:
\$13,899,176	\$2,779.84

*Calculated solely for purposes of determining the filing fee, in accordance with Rule 0-11 of the Securities Exchange Act of 1934. This calculation assumes the purchase of 604,312 shares of Common Stock of The Peoples Holding Company at the maximum tender offer purchase price of \$23.00 per share in cash.

☐ Check the box if any part of the fee is offset as provided by Rule 011 Rule 011(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A	Form or Registration Number: N/A
Filing Party: N/A	Date Filed: N/A

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

☐ third party tender offer subject to Rule 14d-1.
☒ issuer tender offer subject to Rule 13e-4.
☐ going private transaction subject to Rule 13e-3.
☐ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of a tender offer: ☐

This Tender Offer Statement on Schedule T0 relates to the issuer tender offer of The Peoples Holding Company, a Mississippi corporation, to purchase up to 604,312 shares of its Common Stock, \$5.00 par value per share. The Peoples Holding Company is offering to purchase these shares at a price of \$23.00, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated April 16, 2001 (the "Offer to Purchase"), and in the related Letter of Transmittal, which, as amended or supplemented from time to time, together constitute the tender offer. This Tender Offer Statement on Schedule T0 is intended to satisfy the reporting requirements of Rule 13e-4(c)(1) of the Securities Exchange Act of 1934, as amended.

The information in the Offer to Purchase is hereby incorporated by reference in response to all the items of this Schedule T0.

Item 1. SUMMARY TERM SHEET.

The information under the heading "Summary Term Sheet" in the Offer to Purchase is incorporated herein by reference.

Item 2. SUBJECT COMPANY INFORMATION.

The name of the subject company is The Peoples Holding Company. The address and telephone number of its principal executive offices are: 209 Troy Street, Tupelo, Mississippi, 38804; (662)680-1001.

The subject securities are Common Stock, \$5.00 par value, of The Peoples Holding Company. The number of shares of the subject securities outstanding as of April 9, 2001, is 6,043,124.

Information about the trading market and price of the subject securities under "Section 8. Share, Trading Price and Dividend Information" of the Offer to Purchase is incorporated herein by reference.

Item 3. IDENTITY AND BACKGROUND OF FILING PERSON.

The filing person is the subject company.

Item 4. TERMS OF THE TRANSACTION.

(a) Information about the terms of the transaction under "Section 1. Number of Shares; Priority of Purchases; Odd Lots; Proration," "Section 2. Purpose of the Offer; Certain Effects of the Offer," "Section 3. Procedure for Tendering Shares," "Section 4. Purchase of Shares and Payment of the Purchase Price," "Section 5. Conditional Tender of Shares," "Section 6. Withdrawal Rights," "Section 7. Material Federal Income Tax Consequences," "Section 11. Effect of Offer on Market for Shares; Registration under the 1934 Act," "Section 13. Certain Conditions of this Offer," "Section 14. Cancellation, Extension, Termination and Amendment," "Section 15. Fees and Expenses," and "Section 16. Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference. There will be no material differences in the rights of security holders as a result of this transaction.

(b) The subject company will purchase shares of the subject securities validly tendered and not withdrawn by its shareholders, including shareholders who may be officers, directors or affiliates of the subject company, on the terms and subject to the conditions contained in the Offer to Purchase and the related Letter of Transmittal. The subject company has been advised that its officers, directors and controlling shareholders do not intend to tender shares pursuant to the Offer to Purchase and therefore no securities are expected to be purchased from them in the transaction.

Item 5. PAST CONTRACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

The subject company is not aware of any agreement, arrangement or understanding (whether or not legally enforceable) between the subject company (or any director, executive officer or controlling shareholder of the subject company) and any other person with respect to securities of the subject company. Information under "Section 9. Information About Us" and "Section 10. Information about our Directors, Executive Officers and Controlling Shareholders" of the Offer to Purchase is incorporated herein by reference.

Item 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

The information about the purpose of the transaction under "Section 2. Purpose of the Offer; Certain Effects of the Offer" is incorporated herein by reference.

The information about plans or proposals under "Section 9. Information About Us" is incorporated herein by reference.

Item 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The information under "Section 16. Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference. None of the funds are expected to be borrowed.

Item 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

The information under "Section 10. Information about our Directors, Executive Officers and Controlling Shareholders" and under "Section 17. Recent Transactions in Our Shares" of the Offer to Purchase is incorporated herein by reference.

Item 9. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

The information under "Section 15. Fees and Expenses" and "Section 18. Miscellaneous" of the Offer to Purchase is incorporated herein by reference.

Item 10. FINANCIAL STATEMENTS.

The consideration in the Offer consists solely of cash. The Offer is not subject to any financing condition and the Offeror is a public reporting company under Section 13(a) or 15(d) of the Act that files reports electronically on EDGAR. Historical financial statements for the year ended December 31, 2000 as filed with the Securities and Exchange Commission on Form 10-K are incorporated by reference herein. The information under "Section 9. Information About Us" of the Offer to Purchase is also incorporated herein by reference as to how such documents can be obtained.

Item 11. ADDITIONAL INFORMATION.

The information under "Section 10. Information about our Directors, Executive Officers and Controlling Shareholders" and "Section 12. Certain Legal Matters" of the Offer to Purchase is incorporated herein by reference.

- (a)(1) Not Applicable.
- (a)(2) None.
- (a)(3) Not applicable.
- (a)(4) Not applicable.
- (a)(5) None.
- (b) None.

Item 12. EXHIBITS.

The following exhibits are submitted herewith:

- (a): (a)(1) Offer to Purchase dated April 16, 2001
- (a)(2) Letter of Transmittal
- (a)(3) Form of Guidelines for Substitute Form W9
- (a)(4) Notice of Guaranteed Delivery
- (a)(5) Form of letter to brokers, dealers, commercial banks, trust companies and other nominees
- (a)(6) Form of letter to be used by brokers, dealers, commercial banks, trust companies and other nominees to their clients
- (a)(7) Form of letter to shareholders dated April 16, 2001 from the President and Chief Executive Officer of Peoples
- (a)(8) Press Release
- (b) -(h) None or not applicable
- (i) Consent of Independent Auditors

Item 13. INFORMATION REQUIRED BY SCHEDULE 13E-3.
Not applicable.

Signature

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: April 16, 2001

The Peoples Holding Company

by: /s/ E. Robinson McGraw

E. Robinson McGraw
President and Chief Executive Officer

OFFER TO PURCHASE

THE PEOPLES HOLDING COMPANY

OFFER TO PURCHASE FOR CASH UP TO 604,312 SHARES OF COMMON STOCK OF THE PEOPLES HOLDING COMPANY AT A PURCHASE PRICE OF \$23.00.

THE PRORATION PERIOD AND YOUR RIGHT TO WITHDRAW SHARES YOU TENDER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MAY 15, 2001, UNLESS THE OFFER IS EXTENDED. WE MAY EXTEND THE OFFER PERIOD AT ANY TIME.

The Peoples Holding Company invites you to tender your shares of Common Stock for purchase by the Company on the terms and conditions set forth in this offer to purchase and the letter of transmittal and other accompanying documents. We are offering:

- o to purchase up to 604,312 shares of our Common Stock in this tender offer at a price of \$23.00 per share, net to the seller in cash, without interest;
- o if the number of shares tendered is less than 604,312, we will purchase all of the shares tendered, and
- o if the number of shares tendered is more than 604,312, we will purchase shares
- o first from holders of less than 100 shares who tendered all of their shares, and
- o then, on a pro rata basis from all other shareholders who tendered shares.

If you want to tender your shares in our offer, you should:

- o specify the number of shares you want to tender, and
- o follow the instructions in this document and the related documents, including the accompanying letter of transmittal, to submit your shares.

Our offer is not conditioned on any minimum number of shares being tendered. Our offer is, however, subject to certain other conditions, as discussed in Section 13.

We reserve the right to increase the number of shares we purchase by an amount which does not exceed 2% of the outstanding shares of our Common Stock as of April 9, 2001.

Our board of directors has approved this offer. However, neither we nor our board of directors, nor the information agent makes any recommendation to any shareholder as to whether you should tender or not tender your shares. You must make your own decision whether to tender your shares and, if so, how many shares to tender.

This document contains or incorporates important information about our offer. We urge you to read it in its entirety and refer to the information incorporated by reference.

The date of this Offer to Purchase is April 16, 2001.

IMPORTANT PROCEDURES

If you want to tender all or part of your shares, you must do one of the following before our offer expires:

- o if your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your shares for you,
- o if you hold certificates in your own name, complete and sign the letter of transmittal according to its instructions, and deliver it, together with any required signature guarantee, the certificates for your shares and any other documents required by the letter of transmittal, to The Peoples Bank and Trust Company, the depository for this offer, or
- o if you are an institution participating in The Depository Trust Company, which we call the "book-entry transfer facility" in this document, tender your shares according to the procedure for book-entry transfer described in Section 3.

If you want to tender your shares but:

- o your certificates for the shares are not immediately available or cannot be delivered to the depository, or
- o you cannot comply with the procedure for book-entry transfer, or
- o your other required documents cannot be delivered to the depository before the expiration of our offer,

you can still tender your shares if you comply with the guaranteed delivery procedure described in Section 3.

TO TENDER YOUR SHARES YOU MUST CAREFULLY FOLLOW THE PROCEDURES DESCRIBED IN THIS DOCUMENT, THE LETTER OF TRANSMITTAL AND THE OTHER DOCUMENTS RELATED TO OUR OFFER.

If you have any questions or need assistance, you should contact The Peoples Bank and Trust Company, the information agent for our offer. You may request additional copies of this document, the letter of transmittal or the notice of guaranteed delivery from the information agent. The Peoples Bank and Trust Company may be reached at:

The Peoples Bank and Trust Company
P.O. Box 709
Tupelo, MS 38802-0709
1-800-492-0365

In any jurisdiction in which the securities or blue sky laws require this offer to be made by a licensed broker or dealer, the offer is being made on Peoples's behalf by Morgan Keegan & Company, Inc.

SUMMARY TERM SHEET

This summary highlights the most material terms of our tender offer. You should realize that it does not describe all of the details of our offer to the same extent that they are described in the body of this document and the letter of transmittal. We urge you to read the entire document and the related letter of transmittal because they contain the full details of our offer. Where helpful, we have included references to the sections in this document where you will find a more complete discussion of the item referenced. A table of contents immediately follows this summary.

WHO IS OFFERING TO PURCHASE MY SHARES?	The Peoples Holding Company is offering to purchase up to 604,312 shares of our outstanding Common Stock. SEE SECTION 1.
WHAT IS THE PURCHASE PRICE?	The purchase price for our offer is \$23.00 per share.
HOW AND WHEN WILL I BE PAID?	If your shares are purchased in our offer, you will be paid the purchase price, in cash, without interest, as soon as is practicable after the expiration of the offer period and the acceptance of the shares for payment. SEE SECTION 4.
HOW MANY SHARES WILL THE PEOPLES HOLDING COMPANY PURCHASE IN ALL?	We will purchase up to 604,312 shares of our outstanding Common Stock in our offer, or approximately 10% of our outstanding Common Stock. We reserve the right to purchase additional shares up to 2% of the outstanding shares of Common Stock, subject to applicable legal requirements. Our offer is not conditioned on any minimum number of shares being tendered.
IF I TENDER MY SHARES, HOW MANY OF MY SHARES WILL THE PEOPLES HOLDING COMPANY PURCHASE?	<p>All of the shares that you tender in our offer may not be purchased. If more than 604,312 shares are tendered, we will purchase shares based on the following order of priority:</p> <ul style="list-style-type: none">o First, we will purchase shares from all holders of "odd lots" of less than 100 shares who properly tender all of their shares.o Second, we will purchase shares from all other shareholders who properly tender shares, on a pro rata basis, subject to the conditional tender provisions described in Section 5. As a result, we will purchase the same percentage of shares tendered from each tendering shareholder in this second category. We will announce this proration percentage, if it is necessary, after our offer expires.

- o Finally, if necessary to permit us to purchase 604,312 shares, shares conditionally tendered (for which the condition was not initially satisfied) and not properly withdrawn prior to the expiration date, we may purchase these conditionally tendered shares selected by random lot in accordance with Section 5. To be eligible for purchase by random lot shareholders whose shares are conditionally tendered must have tendered all of their shares.

As noted above, we may also choose to purchase an additional 2% of the outstanding shares of Common Stock, subject to applicable legal rules. SEE SECTION 14.

HOW WILL THE PEOPLES HOLDING COMPANY PAY FOR THE SHARES?

We would need a maximum of \$13,899,176 to purchase 604,312 shares at the price of \$23.00. In addition, we expect to incur fees and expenses in connection with this offer of approximately \$100,000. We intend to fund the purchase of shares with dividends we will receive from our subsidiary, The Peoples Bank and Trust Company.

HOW LONG DO I HAVE TO TENDER MY SHARES TO THE PEOPLES HOLDING COMPANY?

You may tender your shares until our offer expires. The offer is scheduled to expire on May 15, 2001, at 5:00 p.m., New York City time, but we may choose to extend it at any time. We cannot assure that we will extend our offer or, if we extend it, for how long it will be extended. SEE SECTIONS 1 AND 14.

HOW WILL I BE NOTIFIED IF THE PEOPLES HOLDING COMPANY EXTENDS THIS OFFER?

If our offer is extended, we will make a public announcement before 9:00 a.m., New York City time, on the first business day after the offer was scheduled to expire. SEE SECTION 14.

WHAT ARE THE CONDITIONS TO THE PEOPLES HOLDING COMPANY'S OFFER?

Our obligation to accept and pay for your tendered shares is conditioned on the satisfaction or waiver of the conditions described in Section 13. In addition to customary conditions, these conditions include the following:

- (a). We will not be obligated to purchase any shares if, in our good faith reasonable judgment, our purchase of shares in the offer
 - o would result in our Common Stock being held of record by fewer than 300 persons, or
 - o would result in our Common Stock no longer being quoted on the American Stock Exchange, or
 - o would otherwise constitute a "going private transaction" for purposes of Rule 13e-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934; or

(b). We will not be required to proceed with the offer if we experience a material adverse change in our business conditions or are prohibited from doing so because of legal process, or if a third party proposes, announces or makes a tender or exchange offer, merger, business combination or other similar transaction involving us.

HOW DO I TENDER MY SHARES?

To tender your shares, you must complete one of the actions described under "Important Procedures" on the inside front cover of this document before the offer expires. You may also contact the information agent or your broker for assistance. The contact information for the information agent appears on the inside front cover and on the last page of this document. SEE SECTION 3 and the instructions to the letter of transmittal.

ONCE I HAVE TENDERED SHARES "YES." IN THE OFFER, CAN I CHANGE MY MIND?

If you tender your shares and change your mind, you may withdraw your shares at any time before our offer expires. In addition, after our offer expires, if we have not accepted for payment the shares you have tendered to us, you may withdraw your shares at any time after May 25, 2001. SEE SECTION 6. To properly withdraw your shares, you must timely deliver a written notice of your withdrawal to the depositary at the address or facsimile number appearing on the last page of this document. Your notice must specify your name, address and social security number, the number of shares to be withdrawn, and, if the certificates have been delivered or otherwise identified, the certificate number(s) for the shares and the name of the registered holder(s) of the shares. All signatures on the notice of withdrawal must be guaranteed by an eligible guarantor institution if certificates have already been delivered. Some additional requirements apply if the certificates for shares to be withdrawn have been delivered to the depositary or if your shares have been tendered under the procedure for book-entry transfer set forth in SECTION 3. SEE SECTION 6.

WHAT DO THE PEOPLES HOLDING COMPANY AND ITS BOARD OF DIRECTORS THINK ABOUT THIS OFFER?

Our board of directors has approved this offer. However, neither we nor our board of directors nor the information agent is making any recommendation regarding whether you should tender or not tender your shares. You must decide whether to tender your shares. You should discuss whether to tender your shares with your broker or other financial or tax advisor. Directors, officers and affiliates of The Peoples Holding Company have indicated to us that they do not intend to tender shares pursuant to this offer.

WHAT IS A RECENT MARKET PRICE
OF THE PEOPLES HOLDING COMPANY
COMMON STOCK?

Our Common Stock is traded on the American Stock Exchange under the symbol "PHC." On April 9, 2001, a date close to the date of this document, the last per share sales price of The Peoples Holding Company Common Stock as reported on the American American Stock Exchange was \$18.50. We urge you to obtain more current market quotations for your shares. SEE SECTION 8.

WILL I HAVE TO PAY BROKERAGE
COMMISSIONS OR STOCK TRANSFER
TAX IF I TENDER MY SHARES TO
THE PEOPLES HOLDING COMPANY?

If you are a registered shareholder and tender your shares directly to the depository, you will not need to pay any brokerage commissions. If you hold shares through a broker or bank, however, you should ask your broker or bank to see if you will be charged a fee to tender your shares. Except as otherwise set forth in the letter of transmittal, transfer taxes on the purchase of shares pursuant to this offer will be paid by The Peoples Holding Company. SEE SECTION 1.

WHAT ARE THE UNITED STATES
FEDERAL INCOME TAX CONSEQUENCES
IF I TENDER MY SHARES TO THE
PEOPLES HOLDING COMPANY?

Generally, you will be subject to United States Federal income taxation when you receive cash from us in exchange for the shares you tender. The cash you receive will be treated either as:

- o a sale or exchange eligible for capital gains treatment; or
- o a dividend subject to ordinary income tax.

SEE SECTION 7.

WHAT ARE THE EXPECTED BENEFITS,
POTENTIAL DISADVANTAGES, OF THE
OFFER FOR SHAREHOLDERS?

We are making this offer because we believe that, given the current market price of the shares, the purchase of the shares of Common Stock on the terms and conditions outlined in this offer is an attractive investment for The Peoples Holding Company. This offer gives shareholders an opportunity to sell all or part of their investment in our shares on potentially more favorable terms than would otherwise be available. Shareholders who choose not to tender their shares will realize a proportionate increase in their relative equity interest in The Peoples Holding Company and in our future earnings and assets. Our purchase of shares in the offer will reduce the "public float" in our Common Stock (the number of shares owned by outside shareholders and available for trading in the securities markets). This could result in lower stock prices or reduced liquidity in the trading market for Common Stock in the future. SEE SECTIONS 2 AND 11.

WHOM DO I CONTACT IF I HAVE
QUESTIONS ABOUT THE PEOPLES
HOLDING COMPANY'S OFFER?

You can contact our Information Agent, The Peoples Bank and Trust Company at 1-800-492-0365 with questions regarding this offer.

TABLE OF CONTENTS

Forward Looking	1
Number of Shares; Priority of Purchases; Odd Lots; Proration	2
Purpose of the Offer; Certain Effects of the Offer	3
Procedure for Tendering Shares	5
Purchase of Shares and Payment of the Purchase Price	8
Conditional Tender of Shares	9
Withdrawal Rights	10
Material Federal Income Tax Consequences	10
Share, Trading Price and Dividend	13
Information About Us	13
Information about our Directors, Executive Officers and Controlling Shareholders	16
Effect of Offer on Market for Shares; Registration under the 1934 Act Effect On Market	17
Certain Legal Matters General	18
Certain Conditions of this Offer	19
Cancellation, Extension, Termination and Amendment	20
Fees and Expenses	22
Source and Amount of Funds	22
Recent Transactions in Our Shares	22
Miscellaneous	23

As used in this document, the terms "Peoples," "The Peoples Holding Company," "we," "our" and "us" refer to The Peoples Holding Company, a Mississippi corporation.

Forward-Looking Statements

This document contains a number of forward-looking statements regarding the financial condition, results of operations and business of The Peoples Holding Company. These statements may be made directly in this document or may be incorporated in this document by reference to other documents. These statements may also include references to periods following the completion of our offer. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "may," "will" and "potential" and for similar expressions. Forward-looking statements involve substantial risks and uncertainties. Some of the factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, the following possibilities:

- o the timing and occurrence or non-occurrence of events, including the conditions to our offer, may be subject to circumstances beyond our control;
- o there may be increases in competitive pressure among financial institutions or from non-financial institutions;
- o changes in the interest rate environment may reduce interest margins or may adversely affect mortgage banking operations;
- o changes in deposit flows, loan demand or real estate values may adversely affect our business;
- o changes in accounting principles, policies or guidelines may cause our financial condition to be perceived differently;
- o general economic conditions, either nationally or locally in some or areas in which we do business, or conditions in the securities markets, the banking industry or the mortgage banking industry, may be less favorable than we currently anticipate;
- o legislation or regulatory changes may adversely affect our business;
- o technological changes may be more difficult or expensive than we anticipate;
- o success or consummation of new business initiatives may be more difficult or expensive than we anticipate; or
- o litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than we anticipate.

All subsequent written and oral forward-looking statements concerning our offer or other matters addressed in this document and attributable to us or any person acting on our behalf are qualified by these cautionary statements. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

THE PEOPLES HOLDING COMPANY'S OFFER

SECTION 1. NUMBER OF SHARES; PRIORITY OF PURCHASES; ODD LOTS; PRORATION

GENERAL. On the terms and subject to the conditions of our offer, as set forth in this document and the related letter of transmittal, we are offering to purchase up to 604,312 shares of our Common Stock for a purchase price of \$23.00 per share, net to the seller in cash, without interest, the "Purchase Price."

The term "expiration date" means 5:00 p.m., New York City time, on May 15, 2001, unless and until we, in our sole discretion, extend the period of time for which our offer will remain open. If extended by us, the term "expiration date" means the latest time and date at which our offer, as extended, expires. SEE SECTION 14 for a description of our right to extend, cancel, terminate or amend our offer.

Shares properly tendered and not withdrawn will be purchased at the Purchase Price upon the terms and subject to the conditions of our offer, including the odd lot, proration and conditional tender provisions described below. In accordance with the rules of the Securities and Exchange Commission, we may, and we reserve the right to, purchase in our offer an additional amount of shares, not to exceed 2% of our outstanding Common Stock, without amending or extending our offer. SEE SECTION 14.

All shares tendered and not purchased because of proration or the conditional tender procedures, will be returned to you at our expense as soon as practicable following the expiration date.

Tendering shareholders will not be obligated to pay any charges or expenses of The Peoples Bank and Trust Company, the depository for our offer (the "depository"), or any brokerage commissions. Except as set forth in Instruction 6 of the letter of transmittal, transfer taxes on the purchase of shares pursuant to this offer will be paid by The Peoples Holding Company.

This document and the related letter of transmittal will be mailed to record holders of shares of our Common Stock and will be furnished to brokers, banks and similar persons whose names or the names of whose nominees appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of our Common Stock.

PRIORITY OF PURCHASES. Upon the terms and subject to the conditions of our offer, if 604,312 or fewer shares are properly tendered and not properly withdrawn, we will purchase all properly tendered shares at the Purchase Price.

Upon the terms and subject to the conditions of our offer, if more than 604,312 shares are validly tendered and not withdrawn, we will purchase such validly tendered shares in the following order of priority:

- o First, we will purchase shares properly tendered and not properly withdrawn from any "odd lot" holder (as defined below) who
 - o tenders all the shares owned (beneficially or of record) by the odd lot holder; and
 - o completes the section entitled "Odd Lots" in the letter of transmittal and, if applicable, in the notice of guaranteed delivery; and
- o Second, after the purchase of all the shares properly tendered by odd lot holders, subject to the conditional tender provisions described in SECTION 5, we will purchase shares from all other shareholders who properly tender shares, on a pro rata basis with appropriate adjustment to avoid fractional shares. As a result, we will purchase the same percentage of shares tendered from each tendering shareholder in this second category. We will announce this proration percentage, if it is necessary, after our offer expires.

- o Finally, if necessary to permit us to purchase 604,312 shares, shares conditionally tendered (for which the condition was not initially satisfied) and not properly withdrawn prior to the expiration date, will, to the extent feasible, be selected for purchase by random lot in accordance with Section 5. To be eligible for purchase by random lot shareholders whose shares are conditionally tendered must have tendered all of their shares.

ODD LOT HOLDERS. For purposes of our offer, the term "odd lot holder" means any person who owns, beneficially or of record, a total of fewer than 100 shares. As set forth above, shares of odd lot holders will be accepted for payment before proration, if any, of the purchase of other tendered shares. To qualify for this preference, an odd lot holder must tender all shares owned, beneficially or of record, by the odd lot holder and must so indicate in the letter of transmittal or, if applicable, the notice of guaranteed delivery. This preference is not available to beneficial or record holders of a total of 100 or more shares, even if these holders have separate accounts or certificates representing fewer than 100 shares.

PRORATION. If proration of tendered shares is required, we will determine the final proration factor as promptly as practicable after the expiration date. Proration for each shareholder tendering shares, other than odd lot holders, will be based on the ratio of the number of shares tendered by such shareholder to the total number of shares tendered by all shareholders (other than odd lot holders), subject to the conditional tender provisions described in SECTION 5. This ratio will be applied to shareholders tendering shares to determine the number of shares (rounded up to the nearest whole share) that will be purchased from each such shareholder pursuant to our offer.

Because of the potential difficulty in determining the number of shares properly tendered and not properly withdrawn, including shares tendered by guaranteed delivery procedures as described in Section 3, and because of the odd lot procedures described above and the conditional tender procedures described in SECTION 5, we do not expect that we will be able to announce the final proration percentage or commence payment for any shares purchased under our offer until seven to ten business days after the expiration date. The preliminary results of any proration will be announced by press release as soon as practicable after the expiration date. Shareholders may obtain preliminary proration information from the information agent and may be able to obtain this information from their brokers.

As described in SECTION 7, the number of shares that we will purchase from a shareholder under our offer may affect the United States federal income tax consequences to that shareholder and, therefore, may be relevant to a shareholder's decision whether or not to tender shares. The letter of transmittal affords each shareholder the opportunity to designate the order of priority in which shares are to be purchased in the event of proration, should a shareholder decide to do so for federal income tax reasons. In addition, shareholders may choose to submit a "conditional tender" under the procedures discussed in Section 5 in order to structure their tender for federal income tax reasons.

SECTION 2. PURPOSE OF THE OFFER; CERTAIN EFFECTS OF THE OFFER

From April 17, 1999 to April 9, 2001, we have repurchased approximately 259,760 shares of our Common Stock in privately negotiated and open market transactions. On March 20, 2001 our board of directors approved this offer.

PURPOSE OF THE OFFER. We are making this offer because our board of directors believes that, given our business, assets and prospects and the current market price of the shares, the purchase of the shares pursuant to the offer is an attractive investment for The Peoples Holding Company. We have sufficient resources, in available cash and dividends we will receive from our subsidiary, The Peoples Bank & Trust Company, to fund the amount required to purchase shares under the offer and pay related expenses.

In addition, we believe the offer may be attractive from the perspective of our shareholders:

- o The offer provides shareholders who are considering a sale of all or a portion of their shares the opportunity to sell their shares pursuant to the offer for cash without the usual transaction costs associated with market sales.
- o Any odd lot holders whose shares are purchased pursuant to the offer not only will avoid the payment of brokerage commissions for their sale of shares directly to The Peoples Holding Company, but also will avoid any applicable odd lot discounts payable on sales of odd lots.
- o The offer also may give shareholders the opportunity to sell their shares at the Purchase Price that may be greater than market prices prevailing immediately prior to the announcement of the offer.
- o To the extent the purchase of shares in the offer results in a reduction in the number of shareholders of record, the costs to us for services to shareholders will be reduced.
- o This offer allows shareholders to sell a portion of their shares while retaining a continuing equity interest in The Peoples Holding Company. Shareholders who determine not to accept the offer will increase their proportionate interest in The Peoples Holding Company's equity, and thus in The Peoples Holding Company's future earnings and assets, subject to The Peoples Holding Company's right to issue additional shares and other equity securities in the future.

The offer also presents some potential risks and disadvantages to The Peoples Holding Company and our continuing shareholders.

- o The offer will result in a decrease in the amount of cash and investments held by The Peoples Holding Company. However, after completion of the offer, we will continue to maintain adequate capital in line with government regulations for a "well capitalized" financial institution. SEE SECTION 9.
- o The offer will reduce the "public float" (the number of shares owned by outside shareholders and available for trading in the securities markets). This may result in lower stock prices or reduced liquidity in the trading market for Common Stock in the future.

We may in the future purchase additional shares on the open market, in private transactions, through tender offers or otherwise, subject to the approval of our board of directors. Future purchases by us may be on the same terms or on terms that are more or less favorable to the shareholders than the terms of our offer. Rule 13e-4 promulgated under the 1934 Act prohibits us and our affiliates from purchasing any shares, other than pursuant to our offer, until at least ten business days after the expiration date. Any possible future purchases by us will depend on many factors, including market price of the shares, the results of our offer, our business and financial position and general economic and market conditions.

Shareholders who do not tender their shares pursuant to our offer and shareholders who otherwise retain an equity interest in The Peoples Holding Company (including as a result of a partial tender of their shares, or a proration pursuant to the offer or a conditional tender the condition for which was not satisfied) will continue to be shareholders of The Peoples Holding Company with the attendant risks and rewards associated with owning the equity securities of The Peoples Holding Company.

OUR BOARD OF DIRECTORS HAS APPROVED THIS OFFER. HOWEVER, NEITHER WE NOR OUR BOARD OF DIRECTORS, NOR THE INFORMATION AGENT MAKES ANY RECOMMENDATION AS TO WHETHER A SHAREHOLDER SHOULD TENDER OR REFRAIN FROM TENDERING HIS OR HER SHARES, AND NEITHER WE NOR OUR BOARD OF DIRECTORS HAS AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. SHAREHOLDERS ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION CONTAINED IN THIS OFFER, CONSULT THEIR OWN INVESTMENT AND TAX ADVISORS AND MAKE THEIR OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER. DIRECTORS, OFFICERS AND AFFILIATES OF THE PEOPLES HOLDING COMPANY HAVE INDICATED TO US THAT THEY DO NOT INTEND TO TENDER SHARES PURSUANT TO THIS OFFER. Section 10 provides information about their current share ownership.

USE OF SHARES ACQUIRED. The shares we purchase pursuant to this offer will become treasury stock and will be available for issuance by The Peoples Holding Company in the future without further shareholder action (except as may be required by applicable law or the rules applicable to companies with shares traded on the American Stock Exchange or any other securities exchange on which the shares may be listed) for purposes including, but not limited to, the acquisition of other businesses, the raising of additional capital for use in our businesses and the satisfaction of obligations under existing or future employee benefit plans. We do not currently issue shares under any compensatory and benefit plans, and we currently have no plans for the issuance of shares purchased pursuant to our offer.

SECTION 3. PROCEDURE FOR TENDERING SHARES

To tender shares pursuant to our offer, a properly completed and duly executed letter of transmittal (or facsimile thereof), together with the certificates representing the tendered shares and any other required documents, must be transmitted to and received by the depository at its address set forth on the last page of this document prior to the expiration date of the offer. The method of delivery of all required documents is at the option and risk of the tendering shareholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended.

In the letter of transmittal, the tendering shareholder must: (i) set forth his name and address; (ii) set forth the number of shares he is tendering; and (iii) set forth the number of the stock certificate(s) representing such shares.

In cases where shares are tendered by a registered holder of The Peoples Holding Company Common Stock who has completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on the letter of transmittal, all signatures on the letters of transmittal must be guaranteed by an "Eligible Institution." An "Eligible Institution" is a bank, broker dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended. If the certificates are registered in the name of a person other than the signer of the letter of transmittal, or if certificates for unpurchased shares are to be issued to a person other than the registered holder(s), the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signature(s) on the certificates or stock powers guaranteed as aforesaid.

A tender of shares pursuant to the procedures described below in this Section will constitute a binding agreement between the tendering shareholder and The Peoples Holding Company upon the terms and subject to the conditions of our offer.

THE METHOD OF DELIVERING ALL DOCUMENTS, INCLUDING CERTIFICATES FOR SHARES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT YOUR ELECTION AND RISK. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED.

ALL DELIVERIES IN CONNECTION WITH OUR OFFER, INCLUDING A LETTER OF TRANSMITTAL AND CERTIFICATES FOR SHARES, MUST BE MADE TO THE DEPOSITARY AND NOT TO US, OR THE BOOK-ENTRY TRANSFER FACILITY. ANY DOCUMENTS DELIVERED TO US OR THE BOOK-ENTRY TRANSFER FACILITY WILL NOT BE FORWARDED TO THE DEPOSITARY AND THEREFORE WILL NOT BE DEEMED TO BE PROPERLY TENDERED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

BOOK-ENTRY DELIVERY. The depositary will establish an account with respect to the shares at The Depository Trust Company ("DTC") for purposes of our offer within two business days after the date of this document. Any financial institution that is a participant in DTC's system may make book-entry delivery of shares by causing DTC to transfer such shares into the depositary's account in accordance with DTC's procedure for such transfer. Even though delivery of shares may be effected through book-entry transfer into the depositary's account at DTC, a properly completed and duly executed letter of transmittal (or facsimile thereof), with any required signature guarantee, or an Agent's Message in the case of a book-entry transfer, and any other required documentation, must in any case be transmitted to and received by the depositary at its address set forth on the last page of this document prior to the expiration date, or the guaranteed delivery procedures set forth herein must be followed. Delivery of the letter of transmittal (or other required documentation) to DTC does not constitute delivery to the depositary.

GUARANTEED DELIVERY. If you want to tender your shares pursuant to our offer but your share certificates are not immediately available, the procedure for book-entry transfer cannot be completed on a timely basis, or if time will not permit all required documents to reach the depositary prior to the expiration date, you can still tender your shares if all the following conditions are met:

- o the tender is made by or through an Eligible Institution;
- o the depositary receives by hand, mail, overnight courier or facsimile transmission, prior to the expiration date, a properly completed and duly executed notice of guaranteed delivery in the form we have provided with this document (with signatures guaranteed by an Eligible Institution); and
- o the depositary receives, within three American Stock Exchange trading days after the date of its receipt of the notice of guaranteed delivery,
- o the certificates for all tendered shares, or confirmation of receipt of the shares pursuant to the procedure for book-entry transfer as described above, and
- o a properly completed and duly executed letter of transmittal (or facsimile thereof), or an Agent's Message in the case of a book-entry transfer, and any other documents required by the letter of transmittal.

In any event, the exchange of the Purchase Price for shares tendered and accepted for purchase pursuant to our offer will be made only after timely receipt by the depositary of certificates for the shares, properly completed, duly executed letter(s) of transmittal and any other required documents.

To avoid backup federal income tax withholding with respect to the Purchase Price received by a shareholder pursuant to our offer, the shareholder must provide the depositary with a correct taxpayer identification number or certify that he or she is not subject to backup Federal income tax withholding by completing the Substitute Form W-9 included in the letter of transmittal.

DETERMINATION OF VALIDITY; REJECTION OF SHARES; WAIVER OF DEFECTS; NO OBLIGATION TO GIVE NOTICE OF DEFECTS. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tender of shares will be determined by us in our sole discretion, and our determination will be final and binding. We reserve the absolute right to reject any or all tenders determined by us not to be in proper form or the acceptance or purchase for which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive prior to the expiration date any condition (other than the nonwaivable conditions) or any defect or irregularity in the tender of any shares. No tender of shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. Our interpretation of the terms and conditions of our offer (including this document, the letter of transmittal and its instructions and other offer materials) will be final and binding. Neither we, the depositary nor any other person will be under any duty to give notification of any defects or irregularities in the tender of any shares or will incur any liability for failure to give any such notification.

ESOP. As of December 31, 2000, The Peoples Bank and Trust Company's Employee Stock Ownership Plan (the "ESOP") held 344,343 shares, all of which were allocated to the individual accounts of the ESOP plan participants. Under the terms of the ESOP, the Trustee, The Peoples Bank & Trust Company, must consent to a tender of shares pursuant to our offer. The Administrative Committee that advises the Trustee on matters of this nature has recommended to the Trustee that the Trustee: (i) not tender any of the unallocated ESOP shares pursuant to our offer; and (ii) not consent to the tender of shares by participants in the ESOP who have been allocated shares over which such participants have investment discretion. The Trustee has decided to follow the recommendation of the Administrative Committee. Further, the Trustee will not tender shares which have been allocated to participants but for which such participants do not have investment discretion. Therefore, no shares held by the ESOP, whether allocated or unallocated, will be tendered pursuant to this offer.

YOUR REPRESENTATIONS AND WARRANTIES; OUR ACCEPTANCE CONSTITUTES AN AGREEMENT. A tender of shares under any of the procedures described above will constitute your acceptance of the terms and conditions of our offer, as well as your representation and warranty to us that:

- o you have a "net long position" in the shares or equivalent securities at least equal to the shares tendered within the meaning of Rule 14e-4 promulgated by the SEC under the Exchange Act, and
- o the tender of shares complies with Rule 14e-4.

It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender shares for that person's own account unless, at the time of tender and at the end of the proration period, the person so tendering:

- o has a "net long position" equal to or greater than the amount tendered in the subject securities or securities immediately convertible into, or exchangeable or exercisable for, the subject securities, and
- o will deliver or cause to be delivered the shares in accordance with the terms of the tender offer.

Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

Our acceptance for payment of shares tendered under our offer will constitute a binding agreement between you and us upon the terms and conditions of our offer described in this and related documents.

FEDERAL BACKUP WITHHOLDING TAX. Under the United States federal backup withholding tax rules, 31% of the gross proceeds payable to a shareholder or other payee in the tender offer must be withheld and remitted to the United States Treasury, unless the shareholder or other payee provides such person's taxpayer identification number (employer identification number or social security number) to the depositary and certifies under penalties of perjury that such number is correct or otherwise establishes an exemption. If the depositary is not provided with the correct taxpayer identification number or another adequate basis for exemption, the holder may be subject to certain penalties imposed by the Internal Revenue Service. Therefore, each tendering shareholder should complete and sign the substitute Form W-9 included as part of the letter of transmittal in order to provide the information and certification necessary to avoid backup withholding, unless such shareholder otherwise establishes to the satisfaction of the depositary that the shareholder is not subject to backup withholding.

Certain shareholders (including, among others, all corporations and certain foreign shareholders (in addition to foreign corporations)) are not subject to these backup withholding rules. In order for a foreign shareholder to qualify as an exempt recipient, that shareholder must submit an IRS Form W-8 or a Substitute Form W-8, signed under penalties of perjury, attesting to that shareholder's exempt status. The applicable form can be obtained from the depositary. See Instruction 9 of the letter of transmittal.

TO PREVENT FEDERAL BACKUP WITHHOLDING TAX EQUAL TO 31% OF THE GROSS PAYMENTS MADE TO SHAREHOLDERS FOR SHARES PURCHASED UNDER OUR OFFER, EACH SHAREHOLDER WHO DOES NOT OTHERWISE ESTABLISH AN EXEMPTION FROM SUCH WITHHOLDING MUST PROVIDE THE DEPOSITARY WITH THE SHAREHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND PROVIDE OTHER INFORMATION BY COMPLETING THE SUBSTITUTE FORM W-9 INCLUDED WITH THE LETTER OF TRANSMITTAL.

For a discussion of United States federal income tax consequences to tendering shareholders, SEE SECTION 7.

SECTION 4. PURCHASE OF SHARES AND PAYMENT OF THE PURCHASE PRICE

ACCEPTANCE. Upon the terms and conditions of our offer, as soon as practicable following the expiration date, we will:

- o pay for shares properly tendered and not properly withdrawn, and
- o accept for payment, pay for and thereby purchase, shares properly tendered and not properly withdrawn. The acceptance for purchase and the purchase of shares validly tendered and not withdrawn will be made as soon as practicable after all the conditions to our offer have been satisfied or waived. For purposes of our offer, we will be deemed to have accepted for purchase and thereby acquired tendered shares as, if and when we give oral or written notice to the depositary of our acceptance of the tenders of such shares (the "Acceptance Notice").

Upon the terms and conditions of our offer, as soon as practicable after the expiration date, we will accept for payment and pay a single per share purchase price for 604,312 shares, subject to increase or decrease as provided in Sections 1 and 14, if properly tendered and not properly withdrawn, or such lesser number of shares as are properly tendered and not properly withdrawn, at the Purchase Price of \$23.00.

DEPOSITARY. Delivery of the aggregate Purchase Price in exchange for shares pursuant to our offer will be made by the depositary as soon as practicable after receipt of the Acceptance Notice. The depositary will act as agent for tendering shareholders for the purpose of receiving the Purchase Price from us and remitting the same to tendering shareholders. Under no circumstances will we pay interest by reason of any delay in making such payment.

ANY TENDERING SHAREHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE FULLY, SIGN AND RETURN TO THE DEPOSITARY THE SUBSTITUTE FORM W-9 INCLUDED WITH THE LETTER OF TRANSMITTAL MAY BE SUBJECT TO FEDERAL INCOME BACKUP WITHHOLDING TAX OF 31% OF THE GROSS PROCEEDS PAID TO THE SHAREHOLDER OR OTHER PAYEE UNDER OUR OFFER. SEE SECTION 3. ALSO SEE SECTION 7 REGARDING ADDITIONAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES.

RETURN OF CERTIFICATES. If any tendered shares are not accepted for purchase pursuant to the terms and conditions of our offer for any reason, or if certificates are submitted for more shares than are tendered, or if we should cancel the offer because any other condition of our offer is not satisfied or waived, certificates for such unpurchased shares will be returned to the tendering shareholder by the depositary as soon as practicable following consummation, cancellation or termination of our offer.

SECTION 5. CONDITIONAL TENDER OF SHARES

Under the circumstances described above in Section 1, we may prorate the number of shares purchased pursuant to our offer. Shareholders may wish to tender their shares, but only on the condition that all or some other minimum number of their shares are purchased. In addition, as discussed in Section 7, the number of shares to be purchased from a particular shareholder may affect the tax treatment of the purchase to the shareholder and the shareholder's decision whether to tender and how many shares to tender. The conditional tender alternative allows a shareholder to tender shares subject to the condition that a specified minimum number of the shareholder's shares tendered pursuant to a letter of transmittal - which may be all of the shares tendered - must be purchased if any of the shareholder's tendered shares are purchased. The conditional tender alternative is made available so that a shareholder may: (i) know with certainty the number of his shares, if any, which will be purchased pursuant to our offer (provided his shares are properly tendered and the condition of his tender is otherwise satisfied); or (ii) seek to structure the purchase of shares pursuant to our offer in such a manner that it will be treated as a sale of such shares by the shareholder, rather than the payment of a dividend to the shareholder, for federal income tax purposes. EACH SHAREHOLDER IS URGED TO CONSULT WITH HIS OR HER OWN TAX ADVISOR.

If you wish to make a conditional tender you must indicate this in the box captioned "Conditional Tenders" in the letter of transmittal or, if applicable, in the notice of guaranteed delivery. You also must calculate and appropriately indicate the minimum number of shares that must be purchased if any are to be purchased. After our offer expires, if more than 604,312 shares have been properly tendered and not properly withdrawn and we must prorate our acceptance of and payment for tendered shares, we will calculate a preliminary proration percentage based upon all shares properly tendered, conditionally or unconditionally. If the effect of this preliminary proration would be to reduce the number of shares to be purchased from any shareholder below the minimum number specified by that shareholder, the conditional tender will automatically be regarded as withdrawn, unless chosen by lot for reinstatement as discussed in the next paragraph.

After giving effect to these withdrawals, we will accept the remaining shares properly tendered, conditionally or unconditionally, on a pro rata basis, if necessary. If we are able to purchase all of the remaining tendered shares and the number that we would purchase would be below 604,312, then, to the extent feasible, we will select enough of the conditional tenders that would otherwise have been deemed withdrawn to permit us to purchase 604,312 shares. To be eligible for purchase by random lot, shareholders whose shares are conditionally tendered must have tendered all of their shares.

All shares tendered by a shareholder subject to a conditional tender pursuant to the letter of transmittal or notice of guaranteed delivery, regarded as withdrawn as a result of proration and not eventually purchased, will be returned as soon as practicable after the EXPIRATION DATE without any expense to the shareholder.

SECTION 6. WITHDRAWAL RIGHTS

Shares tendered pursuant to our offer may be withdrawn at any time prior to the time the offer expires on the EXPIRATION DATE. In addition, unless earlier accepted for purchase in the offer, shares tendered may also be withdrawn at any time after May 25, 2001. For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be received by the Expiration Date by the depositary at its address set forth on the last page of this document and must specify the name of the person having tendered the shares to be withdrawn and the number of shares to be withdrawn, and, if certificates have been delivered or otherwise identified to the depositary, the name of the registered holder and the serial numbers of the particular certificates evidencing the shares withdrawn must also be furnished to the depositary.

If certificates have already been delivered, the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution (i.e., a bank, broker dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended) unless such shares have been tendered for the account of any Eligible Institution.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by us in our sole discretion, and our determination will be final and binding. Neither we, the depositary nor any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or will incur any liability for failure to give any such notification. Any shares properly withdrawn will be deemed not to have been validly tendered for purposes of our offer. However, withdrawn shares may be re-tendered by following one of the procedures described under Section 3 at any time prior to the expiration date.

SECTION 7. MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain U.S. federal income tax consequences to holders of shares relevant to our offer. The discussion contained in this summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), temporary and final Treasury Regulations promulgated thereunder, proposed Treasury Regulations, published rulings, notices and other administrative pronouncements of the Internal Revenue Service ("IRS"), and judicial decisions now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such changes may be applied retroactively in a manner that could materially affect the tax consequences described herein.

This summary assumes that the shares are held as capital assets, within the meaning of Section 1221 of the Code. This summary does not address all of the tax consequences that may be relevant to particular shareholders in light of their personal circumstances, or to certain types of shareholders including, without limitation, financial institutions, dealers in securities or commodities, securities traders that elect to mark to market, foreign persons, insurance companies, tax-exempt organizations, persons who hold shares as a position in a straddle or as a part of a hedging or conversion transaction, and persons who acquired shares pursuant to an exercise of employee stock options or rights or otherwise as compensation. In particular, the discussion of the consequences of an exchange of shares for cash pursuant to our offer applies only to a United States holder. For purposes of this summary, a "United States holder" is a holder of shares that is: (i) a citizen or resident of the United States; (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any state or any political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust whose administration is subject to the primary supervision of a U.S. court and the trustees of which are one or more U.S. persons who have the authority to control all substantial decisions of the trust.

The summary does not address the state, local or foreign tax consequences of participating in our offer. Each shareholder should consult its own tax advisor concerning the decision to participate in our offer as well as the specific tax consequences (foreign, federal, state and local) applicable to it.

An exchange of shares for cash pursuant to our offer by a United States holder will be a taxable transaction for U.S. federal income tax purposes. As a consequence of the exchange, a United States holder will, depending on such holder's particular circumstances, be treated either as having sold such holder's shares or as having received a dividend distribution from The Peoples Holding Company, with the tax consequences described below.

Under the Code, a United States holder whose shares are exchanged for cash pursuant to our offer will be treated as having sold such holder's shares, rather than as having received a dividend, if the exchange: (i) results in a "complete termination" of such holder's equity interest in The Peoples Holding Company; (ii) is "substantially disproportionate" with respect to such holder; or (iii) is "not essentially equivalent to a dividend" with respect to the holder. For purposes of this analysis, in addition to shares actually owned by a United States holder, such holder will be deemed to constructively own certain shares. For purposes of these constructive ownership rules, a holder is deemed to constructively own shares which are owned by other persons, such as certain family members, a trust or other entities. Because the constructive ownership rules are complex, each United States holder should consult its own tax advisor as to the applicability of these rules.

If a United States holder sells shares to persons other than The Peoples Holding Company at or about the time such holder also sells shares to The Peoples Holding Company pursuant to our offer and the various sales effected by the holder are part of an overall plan to reduce or terminate such holder's proportionate interest in The Peoples Holding Company, then the sales to persons other than The Peoples Holding Company may, for U.S. federal income tax purposes, be integrated with the holder's sale of shares pursuant to our offer and, if integrated, should be taken into account in determining whether the holder satisfies any of the three tests described below.

A United States holder will satisfy the "complete termination" test if all shares actually or constructively owned by such holder are exchanged for cash pursuant to our offer.

A United States holder will satisfy the "substantially disproportionate" test if immediately after the exchange such holder owns, actually or constructively, less than 50% of the total combined voting power of all classes of stock of The Peoples Holding Company entitled to vote and such holder's percentage interest in The Peoples Holding Company (i.e., the number of voting shares actually and constructively owned by such holder divided by the number of voting shares outstanding) is less than 80% of such holder's percentage interest in The Peoples Holding Company prior to the exchange.

A United States holder will satisfy the "not essentially equivalent to a dividend" test if the reduction in such holder's percentage interest in The Peoples Holding Company, as described above, constitutes a "meaningful reduction of the holder's proportionate interest" given such holder's particular facts and circumstances. The IRS has indicated in published rulings that a minority shareholder in a publicly traded corporation whose relative stock interest is minimal (i.e., less than 1%) and who exercises no control with respect to corporate affairs is considered to have a "meaningful reduction" generally if such shareholder has some reduction in such shareholder's stock ownership percentage.

The Peoples Holding Company cannot predict whether or to what extent our offer will be oversubscribed. If our offer is oversubscribed, proration of tenders pursuant to our offer will cause The Peoples Holding Company to accept fewer shares than are tendered. Therefore, a holder can be given no assurance that a sufficient number of such holder's shares will be exchanged pursuant to our offer to ensure that such exchange will be treated as a sale, rather than as a dividend, for U.S. federal income tax purposes pursuant to the rules discussed above. A holder may wish to condition his tender on a minimum number of shares being redeemed as described in Section 5 above, so that none of such holder's shares are redeemed unless The Peoples Holding Company accepts a sufficient number of his shares so that he satisfies one or more of the tests described above. While such a conditional tender may ensure that a redemption of a holder's shares would be treated as an exchange for federal income tax purposes, a conditional tender may result in no shares being accepted by The Peoples Holding Company. In determining the minimum number of shares to be accepted for purchase in such a conditional tender, a holder should take into account shares constructively owned by the holder pursuant to the rules discussed above. Shareholders considering a conditional tender due to the foregoing reasons are urged to consult with their tax advisors regarding the relative advantages and disadvantages of such a tender.

If a United States holder's sale of its shares satisfies one of the tests described above, such holder will recognize capital gain or loss equal to the difference between the amount of cash received and such holder's tax basis in the shares sold. Any capital gain or loss so recognized generally will constitute long-term capital gain or loss if the holding period for the holder's shares sold is greater than one year as of the date of the sale. In the case of a United States holder that is an individual, estate or trust, such long-term capital gain or loss generally will be taxed at a maximum rate of 20%. The federal income tax rates applicable to capital gains for taxpayers other than individuals, estates and trusts are currently the same as those applicable to ordinary income. A United States holder's ability to deduct capital losses from ordinary income is limited. Capital losses generally may be used by a corporate taxpayer only to offset capital gains, and by a taxpayer other than a corporation only to the extent of capital gains plus \$3,000 of ordinary income per year.

If a United States holder who sells shares pursuant to our offer does not meet one of the tests described above and, thus, is not treated as having exchanged such holder's shares for cash, the entire amount of cash received by such holder will be treated as a dividend to the extent of The Peoples Holding Company's current and accumulated earnings and profits, which The Peoples Holding Company anticipates will be sufficient to cover the amount of any such dividend and will be includible in the holder's gross income as ordinary income in its entirety, without reduction for the tax basis of the shares sold. No loss will be recognized. As to an exchange which is treated as a dividend, a United States holder's tax basis in the shares sold generally will be added to such holder's tax basis in such holder's remaining shares. To the extent that cash received in exchange for shares is treated as a dividend to a corporate United States holder, such holder will be: (i) eligible for a dividends-received deduction (subject to applicable limitations); and (ii) subject to the "extraordinary dividend" provisions of the Code. To the extent, if any, that the cash received by a United States holder exceeds The Peoples Holding Company's current and accumulated earnings and profits, it will be treated first as a tax-free return of such holder's tax basis in the shares and thereafter as capital gain.

Shareholders whose shares are not purchased pursuant to the offer will not incur any tax liability as a result of the consummation of our offer.

THE PEOPLES HOLDING COMPANY SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE PRECISE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF THIS OFFER.

SECTION 8. SHARE, TRADING PRICE AND DIVIDEND

INFORMATION SHARES OUTSTANDING. As of April 9, 2001, we had outstanding 6,043,124 shares of Common Stock, \$5.00 par value. The 604,312 shares of Common Stock that we are offering to purchase represent approximately 10% of our issued and outstanding Common Stock as of April 9, 2001. Assuming that we purchase all 604,312 shares of Common Stock that we are offering to purchase, the number of our issued and outstanding shares of Common Stock would be reduced to 5,438,812 shares immediately after the offer.

SHARE PRICES. Our Common Stock is traded on the American Stock Exchange under the symbol "PHC." The following table shows the high and low bid prices for our Common Stock for each quarter since December 31, 1998, as well as the cash dividends paid per share on the Common Stock during the past two years.

YEAR QUARTER -----	QUARTERLY DIVIDENDS -----	LOW -----	HIGH -----
2001 ----			
1st Quarter	\$.230	\$16.38	\$19.75
2000 ----			
1st Quarter	\$.220	\$23.75	\$28.50
2nd Quarter	.220	18.88	25.25
3rd Quarter	.220	19.00	21.25
4th Quarter	.220	17.81	21.00
1999 ----			
1st Quarter	\$.210	\$30.50	\$36.75
2nd Quarter	.210	29.63	36.00
3rd Quarter	.210	27.00	34.00
4th Quarter	.210	28.38	34.25

On April 9, 2001, a date close to the date of this document, the last per share sale price of The Peoples Holding Company Common Stock as reported on the American Stock Exchange was \$18.50. We urge you to obtain current quotations of the market price of our Common Stock.

SECTION 9. INFORMATION ABOUT US

GENERAL. The Peoples Holding Company is a Mississippi corporation and a financial holding company registered with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended. The Peoples Holding Company was incorporated on November 10, 1982, in order to acquire all of the common stock of The Peoples Bank & Trust Company, Tupelo, Mississippi (the Bank). The Peoples Holding Company commenced business on July 1, 1983, and the acquisition of the Bank was also consummated at that time. All of The Peoples Holding Company's business activities are conducted through the Bank and the Bank's wholly-owned subsidiaries, Peoples Insurance Agency, Dominion Life and Health P.A., Alliance Finance Company and Dominion Company (Dominion companies). The Bank accounts for substantially all of the assets and revenues of The Peoples Holding Company. On December 31, 2000, The Bank had 41 banking offices in Tupelo, Aberdeen, Amory, Batesville, Belden, Booneville, Calhoun City, Coffeeville, Corinth, Grenada, Guntown, Hernando, Iuka, Louisville, New Albany, Okolona, Olive Branch, Pontotoc, Saltillo, Sardis, Shannon, Smithville, Southaven, Verona, Water Valley, West Point, and Winona, Mississippi.

The Bank also has three insurance offices located at Corinth, Louisville and Tupelo. All members of the Board of Directors of The Peoples Holding Company are also members of the Board of Directors of the Bank. Responsibility for the management of the Bank and its subsidiaries remains with the Board of Directors and Officers of the Bank; however, management services rendered to the Bank by The Peoples Holding Company are intended to supplement the internal management of the Bank and expand the scope of banking services normally offered by them. The Bank, which is The Peoples Holding Company's subsidiary, was established in February 1904 as a state-chartered bank. It is insured by the Federal Deposit Insurance Corporation. As a commercial bank, a complete range of banking and financial services is provided to individuals and small to medium-size businesses. These services include checking and savings accounts, business and personal loans, interim construction and residential mortgage loans, student loans, equipment leasing, as well as safe deposit and night depository facilities. Automated teller machines located throughout our market area and our PC Banking product provide 24-hour banking services. Accounts receivable factoring is also available to qualified businesses. In addition to a wide variety of fiduciary services, the Bank administers (as trustee or in other fiduciary or representative capacities) pension, profit-sharing and other employee benefit plans, and personal trusts and estates. In addition to offering annuities and mutual funds, the acquisition of the insurance agencies has expanded The Bank's product and delivery network to include personal and business insurance coverages. Neither The Peoples Holding Company nor the Bank has any foreign activities. At December 31, 2000, The Peoples Holding Company had consolidated total assets, deposits, and shareholders' equity of approximately \$1,211,940,000, \$1,046,605,000, and \$121,661,000, respectively.

The following table shows our capital ratios for bank regulatory purposes as of December 31, 2000, and on a proforma basis assuming 604,312 shares of Common Stock are purchased at \$23.00 per share plus additional related expenses. Dollar amounts below are shown in thousands.

	Actual		Proforma	
	Amount	Ratio	Amount	Ratio
Total Risk Based Capital to Risk Weighted Assets				
Consolidated	\$122,855	15.15%	\$108,755	13.41%
Bank only	\$122,165	15.06%	\$108,065	13.32%
Tier 1 to Risk Weighted Assets				
Consolidated	\$112,711	13.90%	\$ 98,611	12.16%
Bank only	\$112,022	13.81%	\$ 97,922	12.07%
Tier 1 Leverage Capital to Average Assets				
Consolidated	\$112,711	9.48%	\$ 98,611	8.39%
Bank only	\$112,022	9.42%	\$ 97,922	8.34%

Proforma book value per share at December 31, 2000, and earnings per share for the year ended December 31, 2000 are \$19.54 and \$2.03, respectively, assuming 604,312 shares of common stock are purchased at \$23.00 per share plus additional related expenses. These compare to actual historical amounts of \$20.09 and \$1.83, respectively.

WHERE YOU CAN FIND ADDITIONAL INFORMATION. We are subject to the information and reporting requirements of the Exchange Act, and in accordance with such laws we file with the SEC periodic reports, proxy statements and other information relating to our business, financial condition and other matters. We are required to disclose in these proxy statements filed with the SEC certain information, as of particular dates, concerning our directors and executive officers, their compensation, stock options granted to them, the principal holders of our securities and any material interest of such persons in transactions with us. We have also filed with the SEC an Issuer Tender Offer Statement on Schedule TO, which includes additional information with respect to our offer. The reports, statements and other information (including any exhibits, amendments or supplements to such documents) we file may be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549; and at the following regional offices of the SEC: 7 World Trade Center, Suite 1300, New York, New York 10048; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of this material can also be obtained by mail, upon payment of the SEC's customary charges, by writing to the Public Reference Section at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC also maintains a web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

INCORPORATION BY REFERENCE. The rules of the SEC allow us to "incorporate by reference" information into this document, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. These documents contain important information about us. We are incorporating by reference in this document the following documents we have filed with the SEC:

- o Our Annual Report on Form 10-K for the year ended December 31, 2000; and
- o Our Proxy Statement dated March 19, 2001, for our annual meeting of shareholders on April 17, 2001.

We incorporate by reference these documents and any additional documents that we may file with the SEC between the date of this document and the date of expiration of withdrawal rights by reference. Those documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Item 8 and Exhibit 13 of our Annual Report on Form 10-K for the year ended December 31, 2000 and the consolidated financial statements for the years ended December 31, 2000 and 1999, have been audited and are incorporated herein by reference.

You can obtain any of the documents incorporated by reference in this document from us without charge, excluding any exhibits to those documents, by requesting them in writing or by telephone from us. Please direct your written or oral request to Stuart R. Johnson Chief Financial Officer, The Peoples Bank and Trust Company, 209 Troy Street, Tupelo, Mississippi 38802, 1-800-492-0365, (662) 680-1477. Please be sure to include your complete name and address in your request. If you request any incorporated documents, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request. In addition, you can obtain copies of these documents from the SEC's website. Such documents may also be inspected at the locations described above.

PLANS OR PROPOSALS. Except as described in this document, we currently have no plans, proposals or negotiations that relate to or would result in:

- o any extraordinary transaction (such as a merger, reorganization or liquidation) involving The Peoples Holding Company or any of its subsidiaries;
- o any purchase, sale or transfer of a material amount of the assets of The Peoples Holding Company or any of its subsidiaries;

- o any material change in the present dividend rate or policy, or indebtedness or capitalization of, The Peoples Holding Company;
- o any change in the present board of directors or management of The Peoples Holding Company (including any plans or proposals to change the number or the term of directors or to fill any existing vacancies on the board or to change any material term of the employment contract of any executive officer);
- o any other material change in The Peoples Holding Company's corporate structure or business;
- o The Peoples Holding Company's Common Stock to cease to be authorized to be quoted on the American Stock Exchange;
- o The Peoples Holding Company's Common Stock becoming eligible for termination of registration under Section 12(g)(4) of the 1934 Act;
- o the suspension of The Peoples Holding Company's obligation to file reports under Section 15(d) of the 1934 Act;
- o the acquisition by any person of additional securities of The Peoples Holding Company, or the disposition of securities of The Peoples Holding Company; or
- o any changes in The Peoples Holding Company's articles of incorporation or bylaws or other actions that could impede the acquisition of control of The Peoples Holding Company.

PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS. The Peoples Holding Company is not aware of any agreement, arrangement or understanding, whether or not legally enforceable, between The Peoples Holding Company (or any executive officer or director of The Peoples Holding Company) and any other person with respect to any securities of The Peoples Holding Company.

SECTION 10. INFORMATION ABOUT OUR DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

As of April 9, 2001, our executive officer was:

E. Robinson McGraw, President and Chief Executive Officer

As of April 9, 2001, our directors were:

William M. Beasley	George H. Booth, II
Frank M. Brooks	John M. Creekmore
Marshall H. Dickerson	Eugene B. Gifford, Jr.
Robert C. Leake	E. Robinson McGraw
J. Niles McNeel	C. Larry Michael
John W. Smith	H. Joe Truelove
J. Heywood Washburn	Robert H. Weaver
J. Larry Young	

SECURITIES OWNERSHIP. The following table provides information about the aggregate number and percentage of shares of our Common Stock that are beneficially owned by our directors, executive officers and controlling shareholders, as of April 9, 2001.

EXECUTIVE OFFICER:	DIRECTLY OWNED SHARES	BENEFICIALLY OWNED SHARES	PERCENT*
-----	-----	-----	-----
E. Robinson McGraw	3,516	(458)	

DIRECTORS:	DIRECTLY OWNED SHARES	BENEFICIALLY OWNED SHARES	PERCENT*
-----	-----	-----	-----
William M. Beasley	25,344	(3,793)	
George H. Booth, II	4,310	(2,025)	
Frank M. Brooks	13,460	(679)	
John M. Creekmore	1,168	(225)	
Marshall H. Dickerson	4,661	(0)	
Eugene B. Gifford, Jr.	41,750	(18,879)	
Robert C. Leake	18,249	(5,772)	
E. Robinson McGraw	3,516	(458)	
J. Niles McNeel	12,626	(5,804)	
C. Larry Michael	6,240	(0)	
John W. Smith	7,183	(7,826)	
H. Joe Truelove	14,427	(0)	
J. Heywood Washburn	36,725	(24,000)	
Robert H. Weaver	98,539	(0)**	1.63%
J. Larry Young	2,972	(262)	

*Percent in excess of 1% ownership is shown.

** (Excludes 10,872 shares owned by his wife for which Mr. Weaver disclaims beneficial ownership)

Our proxy statement for our annual meeting of shareholders to be held on April 17, 2001, described transactions in which we have engaged with our executive officers, directors and their associates, some of which are continuing in nature. To our knowledge, except as described in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q or the portions of our proxy statement incorporated in this document, none of our directors or executive officers has entered into or proposed or received any proposed material agreements or arrangements with respect to The Peoples Holding Company, and, except for their interest in our securities, as described above, none of them is a party to any contract, understanding, relationship or arrangement with respect to our securities.

To our knowledge, none of our directors, executive officers or controlling shareholders has engaged in any transaction within the past sixty days with respect to any of our securities except in connection with our stock compensation plans. Shares are purchased in the open market by the independent bank trustee administering our 401(k) plan.

We have been advised by our officers, directors and affiliates that they do not intend to tender any shares of Common Stock pursuant to this offer.

SECTION 11. EFFECT OF OFFER ON MARKET FOR SHARES; REGISTRATION UNDER THE 1934 ACT EFFECT ON MARKET.

As of April 9, 2001, there were 6,043,124 shares of Common Stock outstanding. The purchase of shares pursuant to our offer will reduce the number of shares that might otherwise trade publicly and may reduce the number of holders of The Peoples Holding Company Common Stock. Nonetheless, we believe that there will still be a sufficient number of shares outstanding and publicly traded following our offer to ensure a continued trading market in the shares. Based on the published guidelines of the American Stock Exchange, we do not believe that our purchase of shares pursuant to our offer will cause our remaining shares of Common Stock to be delisted from the American Stock Exchange. We have conditioned our offer so that we may cancel the offer, and not purchase any shares, if the offer would result our the Common Stock being delisted from the American Stock Exchange.

MARGIN SECURITIES. The shares are currently "margin securities" under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit on the collateral of the shares. We believe that, following the purchase of shares pursuant to our offer, the shares will continue to be "margin securities" for purpose of the Federal Reserve Board's margin regulations.

REGISTRATION UNDER THE 1934 ACT. The shares are registered under the 1934 Act, which requires, among other things, that The Peoples Holding Company furnish certain information to its shareholders and to the SEC and comply with the SEC's proxy rules in connection with meetings of The Peoples Holding Company's shareholders. The Peoples Holding Company believes that its purchase of shares pursuant to our offer will not result in the shares becoming eligible for deregistration or not subject to the reporting obligations under the 1934 Act. We have conditioned our offer so that we may cancel the offer, and not purchase any shares, if the offer would result in the Common Stock being held of record by fewer than 300 persons.

SECTION 12. CERTAIN LEGAL MATTERS GENERAL.

We are not aware of any license or regulatory permit which appears to be material to our business and which is likely to be adversely affected by our acquisition of shares pursuant to our offer or, except as disclosed below, of any approval or other action by any state, federal or foreign government or governmental agency that would be required prior to or as a result of the acquisition of shares pursuant to our offer. We expressly reserve the right to challenge the validity and applicability of any state, foreign or other statutes or regulations purporting to require approval of the commencement or consummation of our offer.

There can be no assurance that any license, permit, approval or other action, if needed, would be obtained and, if obtained, there can be no assurance as to the date of any such license, permit or approval or the absence of any litigation challenging any such license, permit or approval. Similarly, there can be no assurance that adverse consequences might not result to The Peoples Holding Company or to its business in the event of adverse regulatory action or inaction.

BANK REGULATORY MATTERS. As a registered bank holding company, The Peoples Holding Company is subject to the supervision and regulation of the Federal Reserve Board. Because we are (and upon completion of the offer will remain) "well-capitalized" and "well-managed," as those terms are defined by the Federal Reserve Board, and not subject to any unresolved supervisory issues, we do not require the approval of the Federal Reserve Board in order to complete the proposed tender offer.

The Bank Holding Company Act of 1956 and the Change in Bank Control Act each govern acquisition of control of bank holding companies. As a general matter, a person may not acquire control of a bank holding company such as The Peoples Holding Company without the prior approval of the Federal Reserve Board. If, as a result of the offer, any shareholder becomes the beneficial owner of more than 10% of our Common Stock, such shareholder may be required to reduce its ownership interest in The Peoples Holding Company or obtain regulatory approval to continue to own more than 10%. Each shareholder whose ownership interest may be so increased is urged to consult the shareholder's own legal counsel with respect to the consequences to the shareholder of the tender offer.

SECTION 13. CERTAIN CONDITIONS OF THIS OFFER

OFFER SUBJECT TO CONDITIONS. Notwithstanding any other provisions of our offer, we will not be required to accept for purchase or purchase any shares, may postpone the acceptance for purchase of or the purchase of shares tendered and may cancel, terminate or amend our offer as provided herein if any of the following conditions are not satisfied or waived on or before the expiration date.

AVOIDANCE OF RULE 13e-3 TRANSACTION CONDITION. The Peoples Holding Company may amend or terminate our offer, and shall not be required to accept for purchase any shares tendered if, in our good faith reasonable judgment, any purchase of shares under the offer could result in the offer being considered a "going private transaction" under Rule 13e-3 of the Securities and Exchange Commission, that is,

- o if our purchase of shares pursuant to this offer would result in our Common Stock being held of record by fewer than 300 persons; or
- o if our purchase of shares pursuant to this offer would result in our Common Stock no longer being authorized for trading on American Stock Exchange.

The Avoidance of Rule 13e-3 Transaction Condition is a nonwaivable condition to our offer.

NO LEGAL PROHIBITION CONDITION. The Peoples Holding Company will not be obligated to close our offer if a preliminary or permanent injunction, decree or order has been entered by any governmental authority, or another legal restraint or prohibition is in effect, which enjoins, restrains or prohibits our offer (the "No Legal Prohibition Condition"). As of the date of this document, no such injunction, decree, order, restraint or prohibition exists, nor to The Peoples Holding Company's knowledge has any of the foregoing been threatened. However, The Peoples Holding Company can give no assurance that an injunction, decree, order, restraint or prohibition will not exist in the future. In any event, the No Legal Prohibition Condition is a nonwaivable condition to our offer.

MATERIAL ADVERSE CHANGE CONDITION. The Peoples Holding Company will not be obligated to close our offer if, after the date of this document, there has occurred: (i) the declaration of any banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory); (ii) any general suspension of trading in, or limitation on prices for, securities on any U.S. national securities exchange or in the over-the-counter market; (iii) the commencement of war, armed hostilities or any other national or international crisis directly or indirectly involving the United States; (iv) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event which, in the sole judgment of The Peoples Holding Company might materially affect, the extension of credit by banks or other lending institutions in the United States; (v) any significant decrease in the market price of the shares or in the market prices of equity securities generally in the United States or any change in the general political, market, economic or financial conditions in the United States or abroad that could have in the sole judgment of The Peoples Holding Company a material adverse effect on the business, condition (financial or otherwise), income, operations or prospects of The Peoples Holding Company and its subsidiaries, taken as a whole, or on the trading in the shares; (vi) in the case of any of the foregoing existing at the time of the announcement of our offer, a material acceleration or worsening thereof; (vii) any decline in the Dow Jones Industrial Average or the S&P 500 Composite Index or the American Stock Exchange Composite Index by an amount in excess of 10% measured from the close of business on April 9, 2001; or (viii) any change in the business, condition (financial or otherwise), income, operations or prospects of The Peoples Holding Company and its subsidiaries, taken as a whole which, in the sole judgment of The Peoples Holding Company, is or may be materially adverse to

The Peoples Holding Company and its subsidiaries taken as a whole (the "Material Adverse Change Condition"). The Peoples Holding Company is not aware of any of these events having occurred. In any event, The Peoples Holding Company reserves the right (but is not obligated), subject to the rules and regulations of the SEC, to waive or amend on or before the expiration date the Material Adverse Change Condition.

NO COMPETING OFFER CONDITION. The Peoples Holding Company will not be obligated to close our offer if, after the date of this document, a tender or exchange offer with respect to some or all of the shares (other than our offer), or merger or acquisition proposal for The Peoples Holding Company has been proposed, announced or made by another person or The Peoples Holding Company has learned that: (i) any person or "group" (within the meaning of Section 13(d)(3) of the 1934 Act) has acquired or proposes to acquire beneficial ownership of more than 5% of the outstanding shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right or otherwise (other than as disclosed in a Schedule 13D or 13G (or an amendment thereto) on file with the SEC on the date of this document); or (ii) any such person or group that on or prior to the date of this document had filed such a Schedule with the SEC thereafter has acquired or has proposed to acquire, whether through the acquisition of stock, the formation of a group, the grant of any option or right or otherwise, beneficial ownership of additional shares representing 2% or more of the outstanding shares; or (iii) any person or group has filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, reflecting an intent to acquire The Peoples Holding Company or any of the shares (the "No Competing Offer Condition"). The Peoples Holding Company is not aware of any such event having occurred. In any event, The Peoples Holding Company reserves the right (but is not obligated), subject to the rules and regulations of the SEC, to waive or amend prior to the expiration date the No Competing Offer Condition.

WAIVER OF CONDITIONS. The Peoples Holding Company reserves the absolute right, prior to the expiration date, to waive these conditions (other than the Avoidance of Rule 13e-3 Transaction Condition and the No Legal Prohibition Condition, which conditions are not waivable). Waiver or amendment of any of these conditions may require an extension of the expiration date and our offer.

EFFECT OF FAILING TO SATISFY CONDITIONS. If any of the conditions have not been satisfied or waived by the expiration date, we may elect either to: (i) extend the expiration date and our offer and retain all shares tendered until the expiration date of the offer as extended, subject to the right of a tendering shareholder to withdraw his or her shares; (ii) waive the conditions (other than the Avoidance of Rule 13e-3 Transaction Condition and the No Legal Prohibition Condition), extend our offer for a period of ten business days if our offer is scheduled to expire prior thereto, if such waiver constitutes a material change in our offer, and thereafter purchase all properly tendered shares; or (iii) terminate our offer and purchase none of the shares and return all tendered shares. The Peoples Holding Company will not accept for purchase any shares pursuant to our offer until such time as the conditions have been satisfied or waived.

TENDERING OF SHARES BY OFFICERS AND DIRECTORS OF THE PEOPLES HOLDING COMPANY. We have been advised by our officers, directors and affiliates that they do not intend to tender any shares of Common Stock pursuant to this offer.

SECTION 14. CANCELLATION, EXTENSION, TERMINATION AND AMENDMENT

We expressly reserve the right to cancel our offer if any of the conditions to our offer are not satisfied by the time the offer period expires. Those shareholders who tendered shares to The Peoples Holding Company, prior to the expiration date, will receive prompt return of their share certificates and other related documentation from the depositary as soon as practicable following the cancellation of our offer.

We reserve the right, in our sole discretion, at any time and from time to time, to extend the period of time during which our offer is open and to delay acceptance for payment of, and payment for, any shares by giving oral or written notice of such extension to the depositary and making a public announcement of such extension. Our reservation of the right to delay acceptance for payment is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that we must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of our offer.

We also reserve the right, in our sole discretion, to terminate our offer and not accept for payment or pay for any shares not previously accepted for payment or paid for or, subject to applicable law, to postpone payment for shares if any conditions to our offer fail to be satisfied by giving oral or written notice of such termination or postponement to the depositary and making a public announcement of such termination or postponement. Our reservation of the right to delay payment for shares which we have accepted for purchase is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that we must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of our offer.

Subject to compliance with applicable law, we further reserve the right, in our sole discretion, and regardless of whether or not any of the events or conditions described in Section 13 have occurred or are deemed by us to have occurred, to amend our offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in our offer to holders of shares or by decreasing or increasing the number of shares being sought in our offer. Amendments to our offer may be made at any time and from time to time by public announcement, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced expiration date.

Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through Business Wire, Dow Jones News Service or another comparable news service.

If we materially change the terms of our offer or the information concerning our offer, we will extend our offer to the extent required by Rules 13e-4(d)(2), 13e-4(e)(3) and 13e-4(f)(1) promulgated under the Exchange Act. These rules and certain related releases and interpretations of the SEC provide that the minimum period during which a tender offer must remain open following material changes in the terms of the tender offer or information concerning the tender offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If we take any of the following actions:

- o increase or decrease the price to be paid for the shares,
- o increase the number of shares being sought in our offer by more than 2% of our outstanding Common Stock, or
- o decrease the number of shares being sought in our offer, and our offer is scheduled to expire within 10 business days from the date notice of such increase or decrease is first published, sent or given to security holders in the manner specified in this Section 14, then our offer will be extended until the expiration of such period of 10 business days.

The Peoples Holding Company also reserves the right to delay acceptance for purchase of, or purchase of, any shares pursuant to our offer, regardless of whether such shares were theretofore accepted for purchase, and to amend or terminate our offer and not accept for purchase or purchase any shares not theretofore accepted for purchase, or purchased, upon the failure of any of the conditions of our offer to be satisfied or waived on or before the expiration date.

Any cancellation, extension, termination, amendment or delay of our offer will be followed as promptly as practicable by public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make such public announcement, we will not, unless otherwise required by rules of the SEC, have any obligation to make any such public announcement other than by making a release to the Dow Jones News Service. If, prior to the expiration date, we increase the Purchase Price offered to holders of The Peoples Holding Company Common Stock, such increase will be applicable to all holders whose shares are accepted for purchase pursuant to our offer and if, at the time notice of such increase is first published, sent or given to holders of The Peoples Holding Company Common Stock, our offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from and including the date that such notice is first so published, sent or given, our offer will be extended until the expiration of such period of ten business days. For purposes of our offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

SECTION 15. FEES AND EXPENSES

The Peoples Holding Company has retained The Peoples Bank and Trust Company to act as the Information Agent in connection with our offer. The Peoples Bank and Trust Company may contact shareholders by mail, telephone, facsimile, telex, telegraph or other electronic means, and may request brokers, dealers, commercial banks, trust companies and other nominee shareholders to forward materials relating to the offer to beneficial owners. The Peoples Bank and Trust Company will receive reasonable and customary compensation in connection with our offer.

The Peoples Holding Company will pay the depositary, The Peoples Bank and Trust Company, reasonable and customary compensation for its services in connection with our offer, plus reimbursement for out-of-pocket expenses, and will indemnify the depositary against certain liabilities and expenses in connection therewith, including liabilities under the federal securities laws.

No fees or commissions will be payable by us to brokers, dealers, commercial banks or trust companies (other than fees to the parties described above) for soliciting tenders of shares under our offer. Shareholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs are applicable if shareholders tender shares through such brokers or banks and not directly to the depositary. Brokers, dealers, commercial banks and trust companies will be reimbursed by The Peoples Holding Company for customary mailing and handling expenses incurred by them in forwarding material to their customers.

SECTION 16. SOURCE AND AMOUNT OF FUNDS

The amount of funds required to purchase the maximum number of shares pursuant to our offer is \$13,999,176. We expect the fees and expenses applicable to our offer to be approximately an additional \$100,000. We anticipate that all of the funds necessary to pay such amounts will be provided from dividends paid to us by our subsidiary, The Peoples Bank and Trust Company. The approximate amount of dividends expected to be paid by the Bank for this tender is \$13,999,176. The Bank currently has the ability to pay these dividends to The Peoples Holding Company.

SECTION 17. RECENT TRANSACTIONS IN OUR SHARES

Since April 17, 1999, we have repurchased approximately 259,760 shares of our Common Stock with price ranging from \$18.375 to \$32.75 in privately negotiated and open market transactions. To our knowledge, there have been no transactions in our Common Stock by any of our directors, executive officers or controlling shareholders or by any executive officer or director of any of our subsidiaries within the 60 day period preceding the date of this document except as described in Section 10.

SECTION 18. MISCELLANEOUS

No person has been directly or indirectly employed or retained by, or is to be compensated by, The Peoples Holding Company to make solicitations or recommendations in connection with our offer. We have not authorized anyone to give any information or make any representation about our offer that is different from, or in addition to, that contained, or incorporated, in this document or in the related letter of transmittal. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where our offer to purchase shares of Common Stock is unlawful, or if you are a person to whom it is unlawful to direct this type of offer, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another date applies.

The Peoples Holding Company is not aware of any jurisdiction where the making of our offer is not in compliance with applicable law. If The Peoples Holding Company becomes aware of any jurisdiction where the making of our offer is not in compliance with any valid applicable law, The Peoples Holding Company will make a good faith effort to comply with such law. If, after such good faith effort, The Peoples Holding Company cannot comply with such law, our offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares residing in such jurisdiction. In any jurisdiction in which the securities or blue sky laws require this offer to be made by a licensed broker or dealer, the offer is being made on The Peoples Holding Company's behalf by Morgan Keegan & Company.

The depositary for our offer is: The Peoples Bank and Trust Company.

BY MAIL:

The Peoples Bank and Trust Company
Attention Trust Department
P.O. Box 709
Tupelo, MS 38802-9985

BY HAND OR OVERNIGHT DELIVERY:

The Peoples Bank and Trust Company
Attention Trust Department
209 Troy Street
Tupelo, MS 38802-0709

BY FACSIMILE TRANSMISSION:

The Peoples Bank and Trust Company
Attention Trust Department
(662)680-1231
CONFIRM BY TELEPHONE: (662)680-1210

THE INFORMATION AGENT FOR THE OFFER IS:

The Peoples Bank and Trust Company
P.O. Box 709
Tupelo, MS 38802-0709
1-800-492-0365
E-mail: teresam@thepeopleplace.com

ANY QUESTIONS OR REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO THE INFORMATION AGENT AT THE ADDRESS AND PHONE NUMBER LISTED ABOVE. REQUESTS FOR ADDITIONAL COPIES OF THE OFFER TO PURCHASE, THE LETTER OF TRANSMITTAL OR OTHER DOCUMENTS RELATED TO THE OFFER MAY BE DIRECTED TO THE INFORMATION AGENT.

LETTER OF TRANSMITTAL

To Tender Shares of Common Stock
of
The Peoples Holding Company
Pursuant to The Offer to Purchase
Dated April 16, 2001

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M. NEW YORK
CITY TIME ON MAY 15, 2001, UNLESS THE OFFER IS EXTENDED.

The Depositary for the Offer is: The Peoples Bank and Trust Company

BY MAIL:

The Peoples Bank and Trust Company
Attention Trust Department
P.O. Box 709
Tupelo, MS 38802-9985

BY HAND OR OVERNIGHT DELIVERY:

The Peoples Bank and Trust Company
Attention Trust Department
209 Troy Street
Tupelo, MS 38802-0709

BY FACSIMILE TRANSMISSION:

The Peoples Bank and Trust Company
Attention Trust Department
(662)680-1231
CONFIRM BY TELEPHONE: (662)680-1210

DESCRIPTION OF SHARES TENDERED (SEE INSTRUCTIONS 3 AND 4)

[] Check here if any of the certificates representing Shares that you
own have been lost, destroyed or stolen, See Instruction 15.

Number of Shares represented by lost, destroyed or stolen
certificates: _____

Tendered Certificates:

Name(s) and Address(es) of Registered Holder(s):

(Please use pre-addressed label or fill in as names appear on
certificate(s)) (Attach Signed Additional List if Necessary)

Certificate Number(s)*	Number of Shares Represented by Certificate	Number of Shares Tendered**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total Number
of Shares Tendered: _____

Indicate in this box the order (by certificate number) in which your shares are to be purchased. See Instruction 3.***

1st: |_____| 2nd: |_____| 3rd: |_____| 4th: |_____|

(Attach an additional signed list(s) if necessary).

- * DOES NOT need to be completed if you are tendering your shares by book-entry transfer.
- ** Unless otherwise indicated, all shares evidenced by each certificate will be deemed to have been tendered.
- *** If you do not designate an order, then in the event less than all shares tendered are purchased pursuant to the Offer, your shares tendered herewith will be selected for purchase by the Depositary.

This Letter of Transmittal is for use in connection with the Offer to Purchase for Cash shares of Common Stock of The Peoples Holding Company dated April 16, 2001 (the "Offer to Purchase"). Only shares of Common Stock of The Peoples Holding Company ("Shares") may be tendered pursuant to this Letter of Transmittal. Delivery of this Letter of Transmittal and all other documents to an address, or transmission of instructions to a facsimile number, other than as set forth above does not constitute a valid delivery. Please read carefully the entire Letter of Transmittal, including the accompanying instructions, before checking any box below. This Letter of Transmittal is to be used only if (a) certificates are to be forwarded herewith (or such certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depositary) or (b) delivery of shares is to be made by book-entry transfer to the Depositary's account at The Depositary Trust Company (the "DTC") pursuant to the procedures set forth in the Offer to Purchase.

If you desire to tender shares pursuant to the Offer and you cannot deliver your Share certificate(s) (or you are unable to comply with the procedures for book-entry transfer on a timely basis) and all other documents required by this Letter of Transmittal are delivered to the Depositary prior to the expiration date, you may tender your shares according to the guaranteed delivery procedures set forth in the section of the Offer to Purchase titled "Procedure for Tendering Shares." See Instruction 2. Delivery of documents to DTC does not constitute delivery to the Depositary.

"Expiration date" means 5:00 p.m., New York City time, on May 15, 2001, unless and until The Peoples Holding Company, in its sole discretion, extends the Offer, in which case the "expiration date" means the latest time and date at which the Offer, as extended, expires.

PLEASE READ CAREFULLY THE ACCOMPANYING INSTRUCTIONS

ODD LOTS

(SEE INSTRUCTION 13)

Complete this section only if you own, or are tendering on behalf of a person who owns, beneficially or of record, an aggregate of fewer than 100 shares and you are tendering all of your shares.

The undersigned either (check one box):

- ☐ is the beneficial or record owner of an aggregate of fewer than 100 shares, all of which are being tendered; or
- ☐ is a broker, dealer, commercial bank, trust company or other nominee that (a) is tendering for the beneficial owner(s), shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 shares and is tendering all of the shares.

THIS BOX IS FOR USE BY ELIGIBLE INSTITUTIONS ONLY

- ☐ Check here if tendered shares are being delivered by book-entry transfer to the Depository's account at DTC and complete the following (Please Print):

Name of Tendering Institution: _____

DTC Account No.: _____

Transaction Code No.: _____

- ☐ Check here if tendered shares are being delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depository and complete the following (Please Print):

Name(s) of Registered Holder(s):

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery:

DTC Account No.: _____

Transaction Code No.: _____

TENDER AND POWER OF ATTORNEY

To The Peoples Bank and Trust Company:

The undersigned hereby tenders to The Peoples Holding Company, a Mississippi corporation ("Peoples"), the above described shares of Common Stock of Peoples (the "Shares"), at \$23.00 per Share net to the seller in cash, without interest, on the terms and conditions described in the Offer to Purchase, dated April 16, 2001 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal which, as amended or supplemented from time to time, together constitute the "Offer." Subject to, and effective upon, acceptance for payment of the Shares tendered in accordance with the terms and subject to the conditions of the Offer, including, if the Offer is extended or amended, the terms and conditions of the extension or amendment, the undersigned agrees to sell, assign and transfer to, or upon the order of, Peoples all right, title and interest in and to all Shares tendered and orders the registration of all Shares if tendered by book-entry transfer and irrevocably constitutes and appoints The Peoples Bank and Trust Company (the "Depository") as the true and lawful agent and attorney-in-fact of the undersigned with respect to the Shares with full knowledge that the Depository also acts as the agent of Peoples, with full power of substitution (the power of attorney being deemed to be an irrevocable power coupled with an interest), to:

- o deliver certificate(s) for the Shares or transfer ownership of the Shares on the account books maintained by DTC, together, in either such case, with any and all accompanying evidences of transfer and authenticity, to or upon the order of Peoples upon receipt by the Depository, as the undersigned's agent, of the Purchase Price (as defined below) for such Shares;
- o present certificates for the Shares for cancellation and transfer on Peoples's books; and
- o receive all benefits and otherwise exercise all rights of legal and beneficial ownership of the Shares to which the undersigned would be entitled by virtue of the ownership of such Shares, subject to the next paragraph, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants to Peoples that:

1. the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and when and to the extent Peoples accepts the Shares for payment, Peoples will acquire good, marketable and unencumbered title to the tendered Shares, free and clear of all security interests, liens, restrictions, charges, encumbrances, conditional sales agreements or other obligations relating to the sale or transfer of the Shares, and not subject to any adverse claims;
2. the undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions to this Letter of Transmittal will constitute the undersigned's acceptance of the terms and conditions of the Offer, including the undersigned's representation and warranty that
 - (a) the undersigned has a "net long position," within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934 (the "1934 Act"), in the Shares or equivalent securities at least equal to the Shares being tendered, and
 - (b) the tender of Shares complies with Rule 14e-4 under the 1934 Act;
3. the undersigned will, upon request, execute and deliver any additional documents deemed by the Depository or Peoples to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered; and
4. the undersigned has read, understands and agrees to all of the terms of the Offer.

The undersigned understands that Peoples's acceptance of Shares tendered pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions to this Letter of Transmittal will constitute a binding agreement between the undersigned and Peoples upon the terms and subject to the conditions of the Offer. The undersigned acknowledges that under no circumstances will Peoples pay interest on the Purchase Price, including without limitation, by reason of any delay in making payment.

All authorities conferred or agreed to be conferred by this Letter of Transmittal will survive the death or incapacity of the undersigned, and any obligation of the undersigned will be binding on the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and legal representatives of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The name(s) and address(es) of the registered holder(s) should be printed, if they are not already printed above, exactly as they appear on the certificates evidencing Shares tendered. The certificate numbers, the number of Shares evidenced by the certificates, and the number of Shares that the undersigned wishes to tender should be set forth in the appropriate boxes above, and the price at which the shares are being tendered should be set forth in the appropriate boxes below.

The undersigned recognizes that, under the circumstances set forth in the Offer to Purchase, Peoples may terminate or amend the Offer or may postpone the acceptance for payment of, or the payment for, Shares tendered or may accept for payment fewer than all of the Shares tendered hereby. The undersigned understands that certificate(s) for any shares not tendered or not purchased will be returned to the undersigned at the address indicated above, unless otherwise indicated in the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" below. The undersigned acknowledges that Peoples has no obligation, pursuant to the "Special Payment Instructions" box, to transfer any certificate for Shares from the name of its registered holder(s), or to order the registration or transfer of any Shares tendered by book-entry transfer, if Peoples does not purchase any of the Shares represented by such certificate or tendered by such book-entry transfer.

The check for the aggregate net Purchase Price for the Shares tendered and purchased will be issued to the order of the undersigned and mailed to the address indicated above, unless otherwise indicated in the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" below.

CONDITIONAL TENDERS

(SEE INSTRUCTION 8)

You may condition the tender of your Shares upon the purchase by Peoples of a specified minimum number of the Shares you are tendering hereby (which minimum number can be all of the Shares you are hereby tendering), all as described in the Offer to Purchase. It is your responsibility to calculate the minimum number of Shares that must be purchased if any are purchased, and you are urged to consult your own tax advisor before completing this section. Unless this box has been checked and a minimum number of Shares specified, your tender will be deemed unconditional.

[] Minimum number of Shares that must be purchased, if any are purchased: _____ Shares.

If, because of proration, the minimum number of Shares that you designated above will not be purchased, Peoples may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your Shares and checked the following box.

[] The tendered Shares represent all of the Shares held by me.

SPECIAL PAYMENT INSTRUCTIONS

Complete this box ONLY if you want certificate(s) for Shares not tendered or not purchased and/or any check for the aggregate Purchase Price to be issued in the name of someone other than you, or if you want shares that you delivered by book-entry transfer to be returned by credit to an account at the book-entry transfer facility other than the one designated earlier.

Issue: ☐ Check ☐ Certificate(s) to:

Name: _____

Address: _____

(Include Zip Code)

Taxpayer Identification or Social Security Number (See Substitute Form W-9):

☐ Credit shares delivered by book-entry transfer and not purchased to the account set forth below:

Account Number:

SPECIAL DELIVERY INSTRUCTIONS

Complete this box only if you want certificate(s) for Shares not tendered or not purchased and/or any check for the aggregate Purchase Price of Shares purchased, issued in your name, to be mailed or sent to someone other than you or to you at an address other than that shown under "Description of Shares" above.

Mail: ☐ Check ☐ Certificate(s) to:

Name: _____

Address: _____

(Include Zip Code)

Peoples has no obligation, pursuant to the "Special Payment Instructions," to transfer any certificate for Shares from the name of its registered holder(s), or to order the registration or transfer of any Shares tendered by book-entry transfer, if Peoples does not purchase any of the Shares represented by such certificate or tendered by such book-entry transfer.

PLEASE SIGN HERE
(PLEASE ALSO COMPLETE AND RETURN THE ENCLOSED FORM W-9)

(Must be signed by the registered holder(s) exactly as name(s) appear(s) on certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificate(s) and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5).

Dated: _____, 2001

Name(s): _____
(Please Print)

Capacity (full title): _____

Address: _____

(Include Zip Code)

Area Code(s) and Telephone Number(s): _____

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 5)

Name of Firm: _____

Authorized Signature: _____

Name(s): _____
(Please Print)

Title: _____

Address: _____

(Include Zip Code)

Area Code(s) and Telephone Number(s): _____

Dated: _____, 2001

LETTER OF TRANSMITTAL

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. SIGNATURE GUARANTEE. Depending on how the certificates for your shares are registered and to whom you want payments or deliveries made, you may need to have the signatures on this Letter of Transmittal guaranteed by an "Eligible Institution." An "Eligible Institution" is a bank, broker dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended. No signature guarantee is required if either:
 - o this Letter of Transmittal is signed by the registered holder(s) of the shares tendered (which, for these purposes, includes any participant in DTC whose name appears on a security position listing as the owner of the shares) exactly as the name of the registered holder(s) appears on the certificate(s) for the shares and payment and delivery are to be made directly to the holder, unless the holder has completed either of the boxes entitled "Special Payment Instructions" or "Special Delivery Instructions" above; or
 - o the shares are tendered for the account of an Eligible Institution. In all other cases, including if you have completed either the box entitled "Special Payment Instructions" or "Special Delivery Instructions" above, an Eligible Institution must guarantee all signatures on this Letter of Transmittal. You may also need to have any certificates you deliver endorsed or accompanied by a stock power, and the signatures on these documents also may need to be guaranteed. See Instruction 5.
2. DELIVERY OF LETTER OF TRANSMITTAL AND CERTIFICATES; GUARANTEED DELIVERY PROCEDURES. This Letter of Transmittal is to be used only if:
 - o certificates for shares are delivered with it to the Depositary, or
 - o the certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depositary, or
 - o a tender for shares is being made concurrently pursuant to the procedure for tender by book-entry transfer set forth in Section 3 of the Offer to Purchase.

Unless shares are being tendered by book-entry transfer, as described below, (a) a properly completed and duly executed Letter of Transmittal or duly executed and manually signed facsimile copy of it, in accordance with the instructions of the Letter of Transmittal (including any required signature guarantees), (b) certificates for the shares being tendered, and (c) any other documents required by the Letter of Transmittal should be mailed or delivered to the Depositary at the appropriate address set forth on the front page of this document and must be received by the Depositary prior to the expiration of the Offer. If certificates are forwarded to the Depositary in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery.

Shares also may be validly tendered pursuant to the procedures for book-entry transfer as described in the Offer to Purchase. In order for shares to be validly tendered by book-entry transfer, the Depositary must receive, prior to the expiration date of the Offer, (a) confirmation of such delivery and (b) either a properly completed and executed Letter of Transmittal (or manually signed facsimile thereof) or an Agent's Message if the tendering shareholder has not delivered a Letter of Transmittal, and (c) all documents required by the Letter of Transmittal. The term "Agent's Message" means a message, transmitted by DTC to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering the shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that The Peoples Holding Company may enforce such agreement against the participant. If you are tendering by book-entry transfer, you must expressly acknowledge that you have received and agreed to be bound by the Letter of Transmittal and that the Letter of Transmittal may be enforced against you.

If your Share certificates are not immediately available, you cannot deliver your shares and all other required documents to the Depositary or you cannot complete the procedure for delivery by book-entry transfer prior to the expiration date, you may tender your shares pursuant to the guaranteed delivery procedure set forth in the Offer to Purchase. Pursuant to such procedure:

- (i) such tender must be made by or through an Eligible Institution;
- (ii) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by The Peoples Holding Company (with any required signature guarantees) must be received by the Depositary prior to the expiration of the Offer; and
- (iii) the certificates for all physically delivered shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depositary's account at DTC of all shares delivered electronically, in each case together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message), and any other documents required by this Letter of Transmittal, must be received by the Depositary within three American Stock Exchange trading days after the date the Depositary receives such Notice of Guaranteed Delivery, all as provided in the Offer to Purchase.

The method of delivery of all documents, including Share certificates, the Letter of Transmittal and any other required documents, is at the election and risk of the tendering shareholder, and the delivery will be deemed made only when actually received by the Depositary. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Except as specifically permitted by the Offer to Purchase, no alternative or contingent tenders will be accepted. By executing this Letter of Transmittal (or facsimile thereof), you waive any right to receive any notice of the acceptance for payment of the shares.

3. INADEQUATE SPACE. If the space provided herein is inadequate, the certificate numbers or the number of shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. PARTIAL TENDERS (NOT APPLICABLE TO SHAREHOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER). If you wish to tender fewer than all the shares represented by any certificate delivered to the Depositary, fill in the number of shares that are to be tendered in the box entitled "Description of Shares Tendered." In such case, a new certificate for the remainder of the shares represented by the old certificate will be sent to you, unless otherwise provided in the "Special Payment Instructions" or "Special Delivery Instructions" boxes on this Letter of Transmittal, as promptly as practicable following the expiration or termination of the Offer. All shares represented by certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURE ON LETTER OF TRANSMITTAL. If this Letter of Transmittal is signed by the registered holder(s) of the shares tendered hereby, THE SIGNATURE(S) MUST CORRESPOND WITH THE NAME(S) AS WRITTEN ON THE FACE OF THE CERTIFICATES WITHOUT ALTERNATION, ENLARGEMENT OR ANY CHANGE WHATSOEVER.

If any of the shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal. If any of the shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles thereof) as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the Purchase Price is to be made to, or shares not tendered or not purchased are to be registered in the name of, any person other than the registered holder(s), in which case the certificate(s) evidencing the shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such certificates. Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution. See Instruction 1.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the shares tendered hereby, certificates evidencing the shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name(s) of the registered holder(s) appear(s) on such certificate(s). Signature(s) on any such certificates or stock powers must be guaranteed by an Eligible Institution. See Instruction 1. If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to The Peoples Holding Company of the authority of such person so to act must be submitted.

6. TRANSFER TAXES. The Peoples Holding Company will pay or cause to be paid any stock transfer taxes with respect to the sale and transfer of any shares to it or its order pursuant to the Offer. If, however:

- o payment of the aggregate Purchase Price is to be made to any person other than the registered holder(s), or
- o Shares not tendered or not purchased are to be registered in the name of any person other than the registered holder(s), or
- o if tendered shares are registered in the name of any person other than the person(s) signing this Letter of Transmittal, then the Depositary will deduct the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such person from the Purchase Price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted. Except as provided in this Instruction 6, it will not be necessary to affix transfer tax stamps to the certificates representing shares tendered hereby.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If certificate(s) for shares not tendered or not purchased and/or check(s) are to be issued in the name of a person other than the signer of this Letter of Transmittal or if the certificates and/or checks are to be sent to someone other than the person signing this Letter of Transmittal or to the signer at a different address, the box entitled "Special Payment Instructions" and/or the box entitled "Special Delivery Instructions" on this letter of transmittal should be completed as applicable and signatures must be guaranteed as described in Instruction 1.
8. CONDITIONAL TENDERS. As described in the Offer to Purchase, you may tender shares subject to the condition that a specified minimum number of your shares tendered must be purchased if any such shares so tendered are purchased. Under certain circumstances, The Peoples Holding Company may prorate the number of shares purchased pursuant to the Offer. In that case, the Depositary will perform a preliminary proration, and any shares tendered pursuant to a conditional tender for which the condition was not satisfied will automatically be regarded as withdrawn, subject to reinstatement if such conditionally tendered shares are subsequently selected by lot for purchase. If conditional tenders would otherwise be so regarded as withdrawn and would cause the total number of shares to be purchased to fall below 604,312, then, to the extent feasible, The Peoples Holding Company will select enough of such conditional tenders that would otherwise have been so withdrawn to permit The Peoples Holding Company to purchase 604,312 shares. However, to be eligible for purchase by random lot, you must have tendered all your shares and checked the box so indicating. In selecting among such conditional tenders, The Peoples Holding Company will select by lot and will limit its purchase in each case to the designated minimum number of shares to be purchased.

All tendered shares will be deemed unconditionally tendered unless the "Conditional Tenders" box is completed. As discussed in the Offer to Purchase, the number of shares to be purchased from a particular shareholder may affect the tax treatment of such purchase to such shareholder and such shareholder's decision whether to tender. Each shareholder is urged to consult with his or her own tax advisor. Any tendering shareholder wishing to make a conditional tender must calculate and appropriately indicate such minimum number of shares.

9. TAXPAYER IDENTIFICATION NUMBER, SUBSTITUTE FORM W-9. Under federal income tax law, a shareholder who receives a payment pursuant to the Offer is required to provide the Depositary with the shareholder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9. A Substitute Form W-9 appears on the page following the last page of these instructions. If the Depositary is not provided the correct TIN, payments that are made to the shareholder or other payee with respect to the Offer may be subject to 31% backup withholding.

Certain shareholders (including, among others, corporations and certain foreign individuals) are not subject to backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, the shareholder must submit a completed IRS Form W-8 Certificate of Foreign Status or a Substitute Form W-8, signed under penalty of perjury attesting to the exempt status. This form may be obtained from the Depositary. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

If the backup withholding applies, the Depositary is required to withhold 31% of any payments made to the shareholder or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld, provided that the required information is given to the Internal Revenue Service. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

The box in Part 3 of the Substitute Form W-9 may be checked if the tendering shareholder or other payee has not been issued a TIN and has applied for a number or intends to apply for a number in the near future. If the box in Part 3 is checked, the shareholder or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number in order to avoid backup withholding. Notwithstanding that the box in Part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is also completed, the Depositary will withhold 31% on all payments made prior to the time a properly certified TIN is provided to the Depositary. However, the withheld amount will be refunded to the shareholder if a TIN is provided to the Depositary within 60 days.

The shareholder is required to give the Depositary the TIN (e.g., his social security number or employer identification number) of the record owner of the shares or of the last transferee appearing on the transfers attached to, or endorsed on, the shares. If the shares are registered in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

10. **WITHHOLDING FOR NON-U.S. SHAREHOLDERS.** Although a non-U.S. shareholder may be exempt from U.S. federal backup withholding, certain payments to non-U.S. shareholders are subject to U.S. withholding tax at a rate of 30%. Foreign shareholders are urged to consult their tax advisors regarding the application of U.S. federal income tax withholding, including eligibility for a withholding tax reduction or exemption and refund procedures.
11. **REQUEST FOR ASSISTANCE OR ADDITIONAL COPIES.** Any questions or requests for assistance or for additional copies of the Offer to Purchase, this Letter of Transmittal or other tender offer materials may be directed to the Information Agent, The Peoples Bank and Trust Company at P.O. Box 709, Tupelo, MS 38802-0709; 1-800-492-0365; E-mail: teresam@thepeopleplace.com; and such copies will be furnished promptly at The Peoples Holding Company's expense. Shareholders may also contact their local broker, dealer, commercial bank or trust company for documents relating to, or assistance concerning, the Offer.
12. **IRREGULARITIES.** All questions as to the number of shares to be accepted, the price to be paid therefor and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by The Peoples Holding Company, in its sole discretion, which determination is final and binding on all parties. The Peoples Holding Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of or payment for which may, in the opinion of The Peoples Holding Company's counsel, be unlawful. The Peoples Holding Company also reserves the absolute right to waive any of the conditions of the Offer (other than the Avoidance of Rule 13e-3 Transaction Condition and the No Legal Prohibition Condition) and any defect or irregularity in the tender of any particular shares or any particular shareholder. No tender of shares will be deemed to be validly made until all defects or irregularities have been cured or waived. None of The Peoples Holding Company, the Depositary or any other person is or will be obligated to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.
13. **ODD LOTS.** If The Peoples Holding Company is to purchase fewer than all shares properly tendered and not properly withdrawn, the shares purchased first will consist of all shares properly tendered by any shareholder who owns, beneficially or of record, an aggregate of fewer than 100 shares and who tenders all of such shareholder's shares. This preference will not be available unless the section captioned "Odd Lots" is completed.

14. ORDER OF PURCHASE IN EVENT OF PRORATION. As described in the Offer to Purchase, you may designate the order in which your shares are to be purchased in the event of proration. The order of purchase may affect whether any capital gain or loss recognized on the shares purchased is long-term or short-term (depending on the holding period for the shares purchased) and the amount of gain or loss recognized for federal income tax purposes.
15. LOST, STOLEN OR DESTROYED CERTIFICATES. If your certificate(s) representing shares have been lost, stolen or destroyed, so indicate. The Depositary will send you additional documentation that will need to be completed to effectively surrender such lost, stolen or destroyed certificates.
16. WAIVER OF CONDITIONS. The conditions set forth in this Letter of Transmittal are for the sole benefit of The Peoples Holding Company and may be asserted prior to the expiration date by The Peoples Holding Company regardless of the circumstances giving rise to any such conditions or may be waived at any one time and from time to time prior to the expiration date in The Peoples Holding Company's sole discretion.

IMPORTANT

This Letter of Transmittal (or a manually signed facsimile of it) together with share certificates or confirmation of book-entry transfer and all other required documents must be received by the Depositary, or the Notice of Guaranteed Delivery must be received by the Depositary, prior to the expiration date of the Offer.

Any questions or requests for assistance may be directed to the Information Agent at the address and telephone numbers set forth below. Requests for additional copies of the Offer to Purchase and Letter of Transmittal may be directed to the Information Agent.

THE INFORMATION AGENT FOR THE OFFER IS:

The Peoples Bank and Trust Company
P.O. Box 709
Tupelo, MS 38802-0709
1-800-492-0365
E-mail: teresam@thepeopleplace.com

DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE SUBSTITUTE FORM W-9:
REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION

PAYER'S NAME: The Peoples Bank and Trust Company

PART 1 - PLEASE PROVIDE YOUR TAX IDENTIFICATION NUMBER (TIN) IN THE BOX BELOW
AND CERTIFY BY SIGNING AND DATING BELOW.

Social Security Number: _ _ _ - _ _ - _ _ _ _ _

or Employer Identification Number: _ _ - _ _ _ _ _ _ _ _

For payees exempt from backup withholding, please write "EXEMPT" here (see the enclosed Guidelines):

PART 2 - CERTIFICATION - Under penalties of perjury, I certify that:

- (1) the number shown on this form is my correct TIN (or I am waiting for a number to be issued to me) and
- (2) I am not subject to backup withholding either because (i) I am exempt from backup withholding, or (ii) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified me that I am no longer subject to backup withholding. and
- (3) I am a U.S. person (including a U.S. resident alien).

PART 3 - Awaiting TIN []

INSTRUCTIONS - You must cross out Part 2 item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of under reporting interest or dividends on your tax returns. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out such item (2).

SIGNATURE: _____ DATE: _____

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING, PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS .

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under the penalty of perjury that a taxpayer identification number has not been issued to me and either (a) I have mailed an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within 60 days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

SIGNATURE: _____ DATE: _____

FORM OF GUIDELINES FOR SUBSTITUTE FORM W9
GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON
SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number to Give the Payer. Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

For this type of account: -----	Give name and SSN of: -----
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account. *
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor. Circle the minor's name and furnish the minor's social security number.
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee*
b. So-called trust account that is not a legal or valid trust under state law	The actual owner *
5. Sole proprietorship	The owner. (You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or your EIN (if you have one)).

*Note: List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

For this type of account:

Give name and EIN of:

- | | |
|---|--|
| 6. Sole proprietorship | The owner. (You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or your EIN (if you have one)). |
| 7. A valid trust, estate, or pension trust | The legal entity (List first and circle the name of the legal trust, estate, or pension trust. Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.) |
| 8. Corporate | The corporation |
| 9. Association, club, religious, charitable, educational or other tax-exempt organization | The organization |
| 10. Partnership | The partnership |
| 11. A broker or registered nominee | The broker or nominee |
| 12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments | The public entity |

Note: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON
SUBSTITUTE FORM W-9

OBTAINING A NUMBER

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a Social Security Card (for resident individuals), Form SS-4, Application for Employer Identification Number (for businesses and all other entities), or Form W-7, Application for IRS Individual Taxpayer Identification Number (for alien individuals required to file U.S. tax returns), at an office of the Social Security Administration or the Internal Revenue Service.

To complete the Substitute Form W-9, if you do not have a taxpayer identification number, check the box in Part 3 - Awaiting TIN, sign and date the Form, and give it to the requester. Generally, you will then have 60 days to obtain taxpayer identification number and furnish it to the requester. If the requester does not receive your taxpayer identification number within 60 days, backup withholding, if applicable, will begin and will continue until you furnish your taxpayer identification number to the requester.

PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- o Payments to nonresident aliens subject to withholding under Section 1441.
- o Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident alien partner.
- o Payments of patronage dividends not paid in money.
- o Payments made by certain foreign organizations.
- o Section 404(k) distributions made by an ESOP.

Payments of interest not generally subject to backup withholding include the following:

- o Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- o Payments of tax-exempt interest (including exempt-interest dividends under Section 852).
- o Payments described in Section 6049(b)(5) to non-resident aliens.
- o Payments on tax-free covenant bonds under Section 1451.
- o Payments made by certain foreign organizations.
- o Mortgage or student loan interest paid to you.

Set forth below is a list of payees that are exempt from backup withholding with respect to all or certain types of payments. For interest and dividends, all listed payees are exempt except the payee in item (9). For broker transactions, all payees listed in items (1) through (13) and any person registered under the Investment Advisors Act of 1940 who regularly acts as a broker is exempt. For payments subject to reporting under Sections 6041 and 6041A, the payees listed in items (1) through (7) are generally exempt. For barter exchange transactions and patronage dividends, the payees listed in items (1) through (5) are exempt.

To avoid possible erroneous backup withholding, exempt payees described above should furnish their taxpayer identification number, check the Exempt Payee Box, and return the Substitute Form W-9 to the payer. Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, SEE SECTIONS 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N and the regulations promulgated thereunder.

- (1) An organization exempt from tax under Section 501(a), any IRA, or a custodial account under Section 403(b)(7) if the account satisfies the requirements of Section 401(f)(2).
- (2) The United States or any of its agencies or instrumentalities.
- (3) A state, the District of Columbia, a possession of United States, or any or their subdivisions or instrumentalities.
- (4) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (5) An international organization or any of its agencies or instrumentalities.
- (6) A corporation.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities registered in the U.S., the District of Columbia, or a possession of the U.S.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under Section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or custodian.
- (15) A trust exempt from tax under Section 664 or described in Section 4947.

PRIVACY ACT NOTICE. - Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply. PENALTIES: (1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER. - If you fail to furnish your taxpayer identification number to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect. (2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. - If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500. (3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.- Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONSULT YOUR TAX ADVISER OR THE INTERNAL REVENUE SERVICE

NOTICE OF GUARANTEED DELIVERY
OF SHARES OF COMMON STOCK OF

THE PEOPLES HOLDING COMPANY

PURSUANT TO THE OFFER TO PURCHASE DATED APRIL 16, 2001

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer (as defined below) if:

- o certificates evidencing shares of Common Stock, \$5.00 par value per share, (the "Shares") of The Peoples Holding Company, a Mississippi corporation ("Peoples"), are not immediately available or cannot be delivered to The Peoples Bank and Trust Company (the "Depository") prior to the expiration date,
- o the procedure for book-entry transfer described in the Offer to Purchase dated April 16, 2001 and the related Letter of Transmittal cannot be completed on a timely basis, or
- o time will not permit all required documents, including a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile of the Letter of Transmittal), an Agent's Message in the case of a book-entry transfer (as defined in the Offer to Purchase), and any other required documents, to reach the Depository prior to the expiration date (as defined in the Offer to Purchase).

The Offer to Purchase and the related Letter of Transmittal, as amended or supplemented from time to time, together constitute the "Offer."

TO: The Peoples Bank and Trust Company

BY MAIL:

The Peoples Bank and Trust Company
Attention Trust Department
P.O. Box 709
Tupelo, MS 38802-9985

BY HAND OR OVERNIGHT DELIVERY:

The Peoples Bank and Trust Company
Attention Trust Department
209 Troy Street
Tupelo, MS 38802-0709

BY FACSIMILE TRANSMISSION:

The Peoples Bank and Trust Company
Attention Trust Department
(662)680-1231
CONFIRM BY TELEPHONE: (662)680-1210

This Notice of Guaranteed Delivery, properly completed and duly executed, may be delivered by hand, mail, overnight courier or facsimile transmission to the Depository. SEE SECTION 3 of the Offer to Purchase.

For this notice to be validly delivered, it must be received by the Depository at one of the above addresses before the Offer expires. Delivery of this notice to another address will not constitute a valid delivery. Deliveries to Peoples, the information agent or the book-entry transfer facility will not be forwarded to the Depository and will not constitute a valid delivery.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an Eligible Institution (as defined in the Letter of Transmittal) under the instructions to the Letter of Transmittal, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

* * * * *

By signing this Notice of Guaranteed Delivery, you tender to Peoples at the Purchase Price of \$23.00 per share, upon the terms and subject to the conditions described in the Offer to Purchase and the related Letter of Transmittal, receipt of which you hereby acknowledge, the number of shares specified below pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase.

You hereby tender to Peoples, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal, receipt of which is hereby acknowledged, the number of shares of Common Stock of Peoples listed below, pursuant to the guaranteed delivery procedure set forth in the Offer to Purchase.

NUMBER OF SHARES TENDERED: _____

ODD LOTS

(SEE INSTRUCTION 13 TO THE LETTER OF TRANSMITTAL)

Complete this section only if you own, or are tendering on behalf of a person who owns, beneficially or of record, an aggregate of fewer than 100 Shares and you are tendering all of your Shares.

The undersigned either (check one box):

- ☐ is the beneficial or record owner of an aggregate of fewer than 100 Shares, all of which are being tendered; or
- ☐ is a broker, dealer, commercial bank, trust company or other nominee that (a) is tendering for the beneficial owner(s), Shares with respect to which the undersigned is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 Shares and is tendering all of the Shares.

CONDITIONAL TENDERS

(SEE INSTRUCTION 8 OF THE LETTER OF TRANSMITTAL)

You may condition the tender of your Shares upon the purchase by Peoples of a specified minimum number of the Shares you are tendering hereby (which minimum number can be all of the Shares you are hereby tendering), all as described in the Offer to Purchase. It is your responsibility to calculate the minimum number of Shares that must be purchased if any are purchased, and you are urged to consult your own tax advisor before completing this section. Unless this box has been checked and a minimum number of Shares specified, your tender will be deemed unconditional.

- ☐ Minimum number of Shares that must be purchased, if any are purchased: _____ Shares.

If, because of proration, the minimum number of Shares that you designated above will not be purchased, Peoples may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your Shares and checked the following box.

- ☐ The tendered Shares represent all of the Shares held by me.

SIGNATURES

Signatures:

Name(s) of Record Holders(s): _____
(please type or print)

Certificate Nos.: _____

Address:_____

(Include Zip Code)

Daytime Area Code and Telephone Number:_____

Date:_____

If Shares will be delivered by book-entry transfer, provide the Account Number.

Account Number:_____

GUARANTEE OF DELIVERY

(Not to be Used for Signature Guarantee)

The undersigned, a bank, broker dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended, (each of the foregoing constituting an ("Eligible Institution"), guarantees delivery to the Depositary of the Shares tendered, in proper form for transfer, or a confirmation that the Shares tendered have been delivered pursuant to the procedure for book-entry transfer described in the Offer to Purchase into the Depositary's account at the book-entry transfer facility, in each case together with a properly completed and duly executed Letter(s) of Transmittal (or a facsimile(s) thereof), or an Agent's Message in the case of a book-entry transfer, and any other required documents, all within three American Stock Exchange trading days after the date of receipt by the Depositary of this Notice of Guaranteed Delivery.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal and certificates for Shares to the Depositary within the time set forth above. Failure to do so could result in a financial loss to such Eligible Institution.

Name of Firm: _____

Authorized Signature: _____

Name: _____
(Please Print)

Title: _____

Address: _____

Areas Code(s) and Telephone Number(s): _____

Dated: _____, 2001

NOTE: DO NOT SEND SHARE CERTIFICATES WITH THIS FORM. SHARE CERTIFICATES SHOULD BE SENT WITH THE LETTER OF TRANSMITTAL.

FORM OF LETTER TO BROKERS, DEALERS

[The Peoples Holding Company, inc. Letterhead]

April 16, 2001

Re: Offer to Purchase for Cash by The Peoples Holding Company Up to 604,312 shares of its Common Stock at a Purchase Price of \$23.00 Per Share. The offer, proration period and withdrawal rights expire at 5:00 p.m., New York City time, on May 15, 2001, unless the offer is extended.

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

We are enclosing the material listed below relating to our offer to purchase up to 604,312 shares of our Common Stock at a purchase price of \$23.00, net to the seller in cash, without interest, as specified by tendering shareholders. Our offer is being made on the terms and subject to the conditions set forth in the Offer to Purchase, dated April 16, 2001, and the related Letter of Transmittal (as amended or supplemented from time to time).

Only common shares validly tendered at the purchase price and not withdrawn, will be purchased. However, because of the proration provisions described in the Offer to Purchase, all Common shares tendered may not be purchased if more than 604,312 Common shares are tendered. All shares tendered and not purchased, including shares not purchased because of proration or the conditional tender procedures, will be returned at The Peoples Holding Company's expense promptly following the expiration date.

We reserve the right, in our sole discretion, purchase additional shares in the offer up to 2% of the outstanding shares of Common Stock, subject to applicable legal requirements.

As described in the Offer to Purchase, if more than 604,312 Common shares have been validly tendered and not withdrawn, we will purchase validly tendered (and not withdrawn) common shares in the following order of priority:

- o First, we will purchase shares from all holders of "odd lots" of less than 100 shares who have properly tendered all of their shares at the purchase price prior to the expiration date and completed the "Odd Lots" box in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery;
- o Second, we will purchase all shares conditionally tendered in accordance with Section 5 of the Offer to Purchase for which the condition was satisfied without regard to the procedure in the next bulleted clause, and all other shares tendered properly and unconditionally on a pro rata basis if necessary; and
- o Finally, if necessary to permit us to purchase 604,312 shares, shares conditionally tendered (for which the condition was not initially satisfied) and not withdrawn prior to the expiration date, will be selected for purchase by random lot in accordance with the Offer to Purchase - provided that, to be eligible for purchase by random lot, all common shares owned by the tendering shareholder must have been properly tendered and the appropriate box must have been checked in the "Conditional Tenders" box in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

For your information and for forwarding to your clients for whom you hold shares registered in your name (or in the name of your nominee), we are enclosing the following documents:

1. The Offer to Purchase;
2. The Letter of Transmittal for your use and for the information of your clients(together with accompanying instructions and Substitute Form W-9);
3. A letter to The Peoples Holding Company's shareholders from the President and Chief Executive Officer of The Peoples Holding Company;
4. A Notice of Guaranteed Delivery to be used to accept the Offer if the shares and all other required documents cannot be delivered to the Depositary by the expiration date;
5. A letter that may be sent to your clients for whose accounts you hold shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the offer.

Your prompt action is requested. We urge you to contact your clients as promptly as possible. The offer, proration period and withdrawal rights expire at 5:00 p.m., New York City time, on May 15, 2001, unless the offer is extended.

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of shares pursuant to the Offer. We will, upon written request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and customary handling and mailing expenses incurred by them in forwarding materials related to the offer to their customers. We will pay all stock transfer taxes applicable to our purchase of Shares pursuant to the offer, except as otherwise provided in the Offer to Purchase and Instruction 6 of the Letter of Transmittal.

Any questions or requests for assistance or additional copies of the enclosed materials should be directed to The Peoples Bank and Trust Company. You may reach The Peoples Bank and Trust Company at the address on the last page of the Offer to Purchase, or by calling 1-800-492-0365.

Thank you for your consideration.

Sincerely,

/S/ E. Robinson McGraw

E. Robinson McGraw
President and Chief Executive Officer

Nothing contained herein or in the enclosed documents shall constitute you or any person the agent of The Peoples Holding Company or the Depositary, or authorize you or any other person to use any document or make any statement on behalf of any of them in connection with the tender offer other than the documents enclosed herewith and the statements contained herein.

FORM OF LETTER TO BE USED BY BROKERS, DEALERS

April 16, 2001

Re: Offer to Purchase for Cash Made by The Peoples Holding Company for 604,312 shares of its Common Stock. The offer, proration period and withdrawal rights expire at 5:00 p.m., New York City time, on May 15, 2001, unless the offer is extended.

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated April 16, 2001 (the "Offer to Purchase") and the related Letter of Transmittal in connection with the offer by The Peoples Holding Company, a Mississippi corporation ("Peoples"), to purchase up to 604,312 shares of its Common Stock, at purchase price of \$23.00 per share, net to the seller in cash, without interest, as specified by tendering shareholders. The offer is being made on the terms and subject to the conditions set forth in the Offer to Purchase and the Letter of Transmittal (as amended or supplemented from time to time). Also enclosed herewith are certain other materials related to the Offer, including a letter to shareholders from E. Robinson McGraw, President and Chief Executive Officer of Peoples.

Only Common shares validly tendered and not withdrawn, will be purchased. However, because of the proration provisions described in Peoples's Offer to Purchase, all Common shares tendered may not be purchased if more than 604,312 Common shares are tendered. All shares tendered and not purchased, including shares not purchased because of proration or the conditional tender procedures, will be returned at Peoples's expense promptly following the expiration date.

Peoples reserves the right, in its sole discretion, to purchase additional shares in the offer up to 2% of the outstanding shares of Common Stock, subject to applicable legal requirements.

As described in Peoples's Offer to Purchase, if more than 604,312 common shares have been validly tendered and not withdrawn, Peoples will purchase validly tendered (and not withdrawn) Common shares in the following order of priority:

- o First, Peoples will purchase shares from all holders of "odd lots" of less than 100 shares who have properly tendered all of their shares prior to the expiration date and completed the "Odd Lots" box in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery;
- o Second, Peoples will purchase all shares conditionally tendered in accordance with Section 5 of the Offer to Purchase for which the condition was satisfied without regard to the procedure in the next bulleted clause, and all other shares tendered properly and unconditionally on a pro rata basis if necessary; and
- o Finally, if necessary to permit Peoples to purchase 604,312 shares, shares conditionally tendered (for which the condition was not initially satisfied) and not withdrawn prior to the expiration date, will be selected for purchase by random lot in accordance with the Offer to Purchase - provided that, to be eligible for purchase by random lot, all Common shares owned by the tendering shareholder must have been properly tendered and the appropriate box must have been checked in the "Conditional Tenders" box in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery.

A tender of your shares can only be made by us pursuant to your instructions as we are the holder of record of shares held for your account. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender shares held by us for your account.

Please instruct us as to whether you wish us to tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set

forth in the Offer to Purchase and the Letter of Transmittal. Your attention is directed to the following:

- o The offer is for up to 604,312 shares of Common Stock. Peoples may, but will not be obligated to purchase additional shares up to 2% of the outstanding Common Stock, subject to applicable legal requirements. The offer is not conditioned on any minimum number of shares being tendered. The offer is, however, subject to certain other conditions set forth in the Offer to Purchase.
- o The offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on May 15, 2001, unless the offer is extended. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf.
- o Tendering shareholders will not be obligated to pay brokerage commissions or solicitation fees on Peoples's purchase of shares in the offer. Shareholders, however, may incur fees associated with the tendering of shares held in custodial or other beneficiary accounts. Any stock transfer taxes applicable to the purchase of shares by Peoples pursuant to the offer will be paid by Peoples, except as otherwise provided in the Offer to Purchase and Instruction 6 of the Letter of Transmittal.
- o You may instruct us to tender shares on your behalf subject to the condition that a specified minimum number of your tendered shares be purchased if any such tendered shares are purchased, as described in the Offer to Purchase. It is your responsibility to calculate such minimum number and you are urged to consult a tax advisor. If you wish us to make a conditional tender on your behalf, you must complete the box captioned "Conditional Tenders" in the Instruction Form. If, because of proration, the minimum number of shares that you specified will not be purchased, Peoples may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your shares and check the box so indicating. In selecting among such conditional tenders, Peoples will select by lot and will limit its purchase in each case to the designated minimum number of shares to be purchased.
- o If you are an odd lot holder, meaning that you own beneficially or of record fewer than 100 shares, and you instruct us to tender on your behalf all such shares at the purchase price before the expiration date and check the box captioned "Odd Lots" in the attached instruction form, Peoples will accept all such shares for purchase before proration, if any, of the purchase of other shares properly tendered and not properly withdrawn.
- o Peoples's board of directors has approved the offer. However, you must make your own decision whether to tender shares and, if so, how many shares to tender and the price or prices at which you are tendering your shares. Neither we, Peoples, its board of directors, nor the Information Agent makes any recommendation to any shareholder as to whether to tender or refrain from tendering shares.

If you wish to have us tender any or all of your shares held by us for your account upon the terms and subject to the conditions set forth in the Offer to Purchase, please so instruct us by completing, executing and returning to us the attached Instruction Form. An envelope to return your instruction to us is enclosed. If you authorize tender of your shares, all such shares will be tendered unless otherwise specified on the Instruction Form. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf prior to the expiration of the offer.

The tender offer is being made solely under the Offer to Purchase and the Letter of Transmittal and is being made to all holders of Common Stock. The tender offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares residing in any jurisdiction in which the making of the tender offer or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

INSTRUCTION FORM

Offer to Purchase for Cash

Made by The Peoples Holding Company

for 604,312 Shares

of its Common Stock

By signing this Instruction Form you acknowledge receipt of our letter and the enclosed Offer to Purchase, dated April 16, 2001, and the related Letter of Transmittal in connection with the offer by The Peoples Holding Company ("Peoples") to purchase up to 604,312 shares of its Common Stock ("Shares") at a price of \$23.00 per Share, net to the seller in cash (the "Offer"), as specified by tendering shareholders, upon the terms and subject to the conditions of the Offer. Peoples may, but will not be obligated to, purchase additional shares up to 2% of the outstanding shares of Common Stock, subject to applicable legal requirements.

This will instruct you to tender to Peoples the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held by you for the account of the undersigned, at the price per Share indicated below, upon the terms and subject to the conditions of the Offer.

SHARES TENDERED

- [] If fewer than all Shares are to be tendered, please check this box and indicate below the aggregate number of Shares to be tendered by us. Unless this box is checked, it will be assumed that all Shares held by us for your account are to be tendered.

_____ Shares

ODD LOTS

(See Instruction 13 to the Letter of Transmittal)

Complete this section only if you own, beneficially or of record, an aggregate of fewer than 100 Shares and are tendering all of your Shares.

- [] The undersigned is the beneficial or record owner of an aggregate of fewer than 100 Shares, all of which are being tendered; or
- [] is a dealer, commercial bank, trust company or other nominee that (a) is tendering for the beneficial owner(s), Shares with respect to which the undersigned is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 Shares and is tendering all of the Shares.

CONDITIONAL TENDERS
(See Instruction 8 of the Letter of Transmittal)

You may condition the tender of your Shares upon the purchase by Peoples of a specified minimum number of the Shares you are tendering hereby (which minimum number can be all of the Shares you are hereby tendering), all as described in the Offer to Purchase. It is your responsibility to calculate the minimum number of Shares that must be purchased if any are purchased, and you are urged to consult your own tax advisor before completing this section. Unless this box has been checked and a minimum number of Shares specified, your tender will be deemed unconditional.

☐ Minimum number of Shares that must be purchased, if any are purchased: _____ Shares.

If, because of proration, the minimum number of Shares that you designated above will not be purchased, Peoples may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your Shares and checked the following box.

☐ The tendered Shares represent all of the Shares held by me.

PLEASE SIGN HERE

(Must be signed by the registered holder(s) exactly as name(s) appear(s) on certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificate(s) and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or another person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5.)

Dated: _____, 2001

Name(s): _____
(Please Print)

Capacity (full title): _____

Address: _____

(Include Zip Code)

Area Code(s) and Telephone Number(s): _____

FORM OF LETTER TO SHAREHOLDERS

[The Peoples Holding Company LETTERHEAD]

April 16, 2001

Dear Shareholder:

Our board of directors has approved the repurchase of 604,312 shares of our Common Stock at a purchase price of \$23.00 per share, net cash to the seller, without interest, through a procedure commonly referred to as an issuer tender offer. Upon expiration of the offer, we will purchase those Common shares tendered up to 604,312 common shares at the purchase price. No brokerage fees or commissions will be charged to you if you tender shares you hold directly. If you have shares through a broker or bank, however, you should ask your broker or bank if you will be charged a fee to tender your shares.

The offer, and the procedures you must follow if you want to tender your common shares, are explained in detail in the enclosed Offer to Purchase, Letter of Transmittal, and related documents.

We encourage you to read carefully the Offer to Purchase, Letter of Transmittal and related documents. Neither The Peoples Holding Company nor our board of directors makes any recommendation to any shareholder whether or not to tender any shares, or at what price shares should be tendered. Directors, officers and affiliates of The Peoples Holding Company have indicated that they do not intend to tender shares pursuant to our offer.

To assist us with this offer, we have engaged The Peoples Bank and Trust Company to serve as information agent. All questions and requests for documents should be directed to The Peoples Bank and Trust Company. You may reach The Peoples Bank and Trust Company at the address on the last page of the Offer to Purchase, or by calling 1-800-492-0365.

Please note that the offer is scheduled to expire at 5:00 p.m., New York City time, on May 15, 2001, unless extended by The Peoples Holding Company. Again, we encourage you to read carefully the enclosed materials.

Thank you for your consideration.

Sincerely,

/s/ E. Robinson McGraw

E. Robinson McGraw
President and Chief Executive Officer

PRESS RELEASE
EXHIBIT (a)(10)

April 16, 2001

Contact: Stuart R. Johnson
Chief Financial Officer
The Peoples Bank and Trust Company

THE PEOPLES HOLDING COMPANY ANNOUNCES OFFER TO PURCHASE UP TO 604,312 SHARES OF ITS COMMON STOCK AT \$23.00 PER SHARE

TUPELO, MISSISSIPPI - The Peoples Holding Company, (American Stock Exchange: PHC) (the "Company"), the holding company for The Peoples Bank & Trust Company, is pleased to announce that it will offer to purchase up to 604,312 shares of the Company's Common Stock, approximately 10% of those outstanding. The offer will be made at a purchase price of \$23.00 per share by issuer tender offer, which commences today. The Company's management and Board of Directors believe that the Company's business, assets and prospects, coupled with the current market price of its shares of Common Stock, make the purchase of the shares pursuant to the terms and conditions of the offer an attractive investment opportunity.

The offer will be made pursuant to the Offer to Purchase dated April 16, 2001, and related materials, and will expire on May 15, 2001 unless otherwise extended. The Information Agent for The Peoples Holding Company's tender offer is The Peoples Bank and Trust Company, and any questions or requests for documents or forms related to the offer should be directed to The Peoples Bank and Trust Company at 1-800-492-0365. The Peoples Holding Company's Board of Directors has approved this tender offer. However, neither The Peoples Holding Company, its Board of Directors nor the Information Agent makes any recommendation to shareholders whether to tender or refrain from tendering their shares, or as to the price or prices at which they may choose to tender their shares. Directors, officers and affiliates of The Peoples Holding Company are not intending to tender shares in this offer.

THIS PRESS RELEASE IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT AN OFFER TO BUY OR A SOLICITATION OF AN OFFER TO SELL ANY SHARES OF THE PEOPLES HOLDING COMPANY'S COMMON STOCK. THE OFFER IS BEING MADE SOLELY BY THE OFFER OF PURCHASE, WHICH IS BEING MAILED TO SHAREHOLDERS TODAY. Shareholders and investors are urged to read The Peoples Holding Company's Schedule TO being filed today with the SEC in connection with this tender offer, which includes the Offer to Purchase and related materials. These materials contain important information including the various terms and conditions to the offer. Investors may obtain copies of The Peoples Holding Company's Schedule TO for free from the SEC at the SEC's website (www.sec.gov) or from The Peoples Holding Company's Information Agent for purposes of this transaction, The Peoples Bank and Trust Company.

COMMUNITY BANKING. The Peoples Bank & Trust Company's business activities are conducted through the bank and its wholly-owned subsidiaries, Peoples Insurance Agency, Dominion Life and Health P.A., Alliance Finance Company and Dominion Company (Dominion companies). The Bank accounts for substantially all of the assets and revenues of The Peoples Holding Company. On December 31, 2000, The Peoples Holding Company had 41 banking offices in Tupelo, Aberdeen, Amory, Batesville, Belden, Booneville, Calhoun City, Coffeeville, Corinth, Grenada, Guntown, Hernando, Iuka, Louisville, New Albany, Okolona, Olive Branch, Pontotoc, Slatton, Sardis, Shannon, Smithville, Southaven, Verona, Water Valley, West Point, and Winona, Mississippi. The Peoples Bank is headquartered in Tupelo, Mississippi, and has over \$1.2 Billion in assets. The Peoples Holding Company, The Peoples Bank's parent company, is traded on the American Stock Exchange (PHC).

STATEMENTS IN THIS PRESS RELEASE RELATING TO THE PEOPLES HOLDING COMPANY'S PLANS, OBJECTIVES, OR FUTURE PERFORMANCE ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS ARE BASED ON MANAGEMENT'S CURRENT EXPECTATIONS. THE PEOPLES HOLDING COMPANY'S ACTUAL STRATEGIES AND RESULTS IN FUTURE PERIODS MAY DIFFER MATERIALLY FROM THOSE CURRENTLY EXPECTED DUE TO VARIOUS RISKS AND UNCERTAINTIES, INCLUDING THOSE DISCUSSED IN THE PEOPLES HOLDING COMPANY'S 2000 FORM 10-K AND SUBSEQUENT 10Q REPORTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Exhibit (i)

Consent of Independent Auditors

We consent to the incorporation by reference in the Issuer Tender Offer Statement (Schedule TO-1) of The Peoples Holding Company and in the related Prospectus, filed pursuant to Rule 13e-4 of the Securities Exchange Act of 1934, as amended, of our report dated January 31, 2001, with respect to the consolidated financial statements of The Peoples Holding Company included in its Annual Report (Form 10-K) for the year ended December 31, 2000, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Memphis, Tennessee
April 10, 2001