

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-8  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

THE PEOPLES HOLDING COMPANY

(Exact name of registrant as specified in its charter)

Mississippi

64-0676974

(State or other jurisdiction  
of incorporation or organization)

(I.R.S. Employer  
Identification No.)

209 Troy Street  
P.O. Box 709  
Tupelo, MS

38802  
-----  
(Zip code)

(Address of Principal Executive Offices)

2001 LONG-TERM INCENTIVE PLAN  
DEFERRED COMPENSATION PLAN

(Full title of the plans)

E. Robinson McGraw  
President and Chief Executive Officer  
The Peoples Holding Company  
209 Troy Street  
P. O. Box 709  
Tupelo, Mississippi 38802

(Name and address of agent for service)

(662) 680-1001

(Telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	Amount to be registered(2)(3)	Proposed maximum offering price per share(4)	Proposed maximum aggregate offering price(4)	Amount of Registration Fee
Common Stock, par value \$5.00 per share	239,000	\$42.38	\$10,128,820	\$931.85
	10,000	\$19.05	\$190,500	\$17.53
	31,000	\$35.20	\$1,091,200	\$100.39
Totals	280,000		\$11,410,520	\$1,049.77

(1) In addition, pursuant to Rule 416(c) under the Securities Act of 1933, (the "Securities Act"), this Registration Statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plans described herein.

(2) This Registration Statement also covers any additional shares of common stock which become issuable under the plans being registered pursuant to this Registration Statement by reason of any stock dividend or stock split or as the result of other anti-dilution provisions in the plans, pursuant to Rule 416 of the Securities Act.

(3) Comprised of (i) 41,000 shares issuable upon exercise of outstanding options and 209,000 shares available for option grants or awards of incentives under the 2001 Long-Term Incentive Plan and (ii) 30,000 shares

issuable under the Deferred Compensation Plan (collectively the "Plans").

- (4) Estimated solely for purposes of calculating the amount of the registration fee, pursuant to Rule 457(c) and (h) of the Securities Act and computed on the basis of: (i) 239,000 shares based upon the average of the high and low sales prices reported on the American Stock Exchange reporting system on December 18, 2002; and (ii) the remaining 41,000 shares based on the prices at which shares may be purchased upon the exercise of outstanding options.

#### Part I

##### INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

\* Item 1. Plan Information.

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

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

#### Part II

##### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed by The Peoples Holding Company (the "Company") with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") are incorporated in this registration statement by reference:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Commission on March 18, 2002;

(2) The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2002;

(3) All other reports filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act filed with the Commission after December 31, 2001; and

(4) The description of the Company's common stock, par value \$5.00 per share (the "Common Stock") on Form 8-A, filed with the Commission on August 7, 1997, and including any other amendments or reports filed for the purpose of updating such description.

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

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

The Mississippi Business Corporation Act ("MBCA") contains provisions that directly affect the liability of officers and directors of Mississippi corporations to the corporations and stockholders whom they serve. Article 8, Subarticle E of the MBCA permits Mississippi corporations to indemnify officers and directors, as well as certain other individuals who act on behalf of such corporations. Article 8, Subarticle C sets forth the standards of conduct required for directors and Article 8, Subarticle D sets forth the standards of conduct of officers of Mississippi corporations.

Section 79-4-8.30 of the MBCA provides that directors of Mississippi corporations are required to discharge the duties of their positions in good faith, with the care that a person in a like position would reasonably believe appropriate under similar circumstances and in a manner reasonably believed to be in the best interests of the corporation. This section specifically provides that in considering the best interests of the corporation, the director must consider the interests of the corporation's shareholders. A director is allowed to rely in good faith on information provided to him by the corporation's officers or employees, legal counsel, public accountants, other experts and board committees on which he is not a member. Section 79-4-8.42 imposes the same standards of conduct on officers of Mississippi corporations, except there is no specific provision regarding the interests of the shareholders. Officers are allowed to rely in good faith on information provided to them by other officers, legal counsel, public accountants and other experts. If directors and officers perform their duties in compliance with these sections, they will not be liable for any action, or failure to take action, taken in the performance of their duties.

Section 79-4-2.02(b)(5) permits the corporation to include mandatory indemnification of a director for liability in its articles of incorporation; provided however, that a corporation may provide indemnification or advance expenses to a director or an officer only as permitted by Subarticle E of the MBCA, Sections 79-4-8.50 - 79-4-8.59. Indemnification of officers and directors against reasonable expenses is mandatory under Sections 79-4-8.52 and 79-4-8.56 of the MBCA to the extent the officer or director is successful on the merits or otherwise in the defense of any action or suit against him giving rise to a claim of indemnification. A corporation may advance the costs of defense to officers and directors with respect to claims for which they may be indemnified under the MBCA. In order to advance such costs, however, a determination must be made that indemnification of the director is permissible because he met the relevant standard of conduct. The determination shall be made in accordance with a court order, or the manner specified in Section 79-4-8.55 of the MBCA.

Article IX of the Company's bylaws provides that any person, his heirs, executors, or administrators may be indemnified by the corporation for reasonable expenses incurred in connection with any action, suit or proceedings, civil or criminal, to which he was made a party by reason of service as a director, officer or employee of the corporation. No person shall be indemnified for gross negligence, willful misconduct, or criminal acts in the performance of his duties to the corporation. Indemnification or reimbursement as to any matter in an action or suit that has been the subject of a compromise settlement must first be approved by: a court of competent jurisdiction; the holders of a majority of the outstanding shares of the corporation; or a majority of the board of directors of the Company, excluding members who are parties to such suit or proceeding.

Section 79-4-8.57 permits a Mississippi corporation to purchase and maintain insurance on behalf of its officers and directors, against liability asserted against or incurred by them in their capacities as officers or directors, whether or not the corporation would have the power to indemnify such officers or directors or advance funds for the same liability. Article IX of the Company's bylaws permits the Company to obtain such insurance.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

- 4.1 The Peoples Holding Company 2001 Long-Term Incentive Plan
- 4.2 Amendment No. 1 to the 2001 Long-Term Incentive Plan
- 4.3 The Peoples Holding Company Deferred Compensation Plan
- 4.4 Amendment No. 1 to the Deferred Compensation Plan
- 5 & 23.2 Opinion and Consent of Phelps Dunbar LLP
- 23.1 Consent of Ernst & Young LLP
- 24.1 Powers of Attorney (included on the signature page of this Registration Statement)

Item 9. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

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

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

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

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

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

#### SIGNATURES

The Registrant.

Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tupelo, State of Mississippi, on this 19th day of November, 2002.

THE PEOPLES HOLDING COMPANY

By:/s/ E. Robinson McGraw

-----  
E. Robinson McGraw  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities indicated on November 19, 2002.

Signature	Title
/s/ E. Robinson McGraw ----- E. Robinson McGraw	President and Chief Executive Officer (Principal Executive Officer)
/s/ Stuart R. Johnson ----- Stuart R. Johnson	Chief Financial Officer (Principal Financial and Accounting Officer)

The Plan.

Pursuant to the requirements of the Securities Act, the Plan Administrator has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tupelo, State of Mississippi, on this 19th day of November, 2002.

THE PEOPLES HOLDING COMPANY  
DEFERRED COMPENSATION PLAN

By: /s/ Hollis Ray Smith

-----  
Hollis Ray Smith  
Plan Administrator

# POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears immediately below constitutes and appoints E. Robinson McGraw and Stuart R. Johnson, and each of any one of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign this Registration Statement and any and all amendments (including post-effective amendments) thereto, and all other documents in connection therewith and all instruments necessary, appropriate or advisable to enable the Company to comply with the Securities Act of 1933, as amended, and other federal and state securities laws, in connection with The Peoples Holding Company 2001 Long-Term Incentive Plan and Deferred Compensation Plan, and to file any such documents or instruments with the Securities and Exchange Commission, and to do and perform each and every act and thing requisite and necessary to be done, as fully and for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their substitutes may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ E. Robinson McGraw ----- E. Robinson McGraw	President and Chief Executive Officer and Director (Principal Executive Officer)	November 19, 2002
/s/ Stuart R. Johnson ----- Stuart R. Johnson	Chief Financial Officer (Principal Financial and Accounting Officer)	November 19, 2002
/s/ William M. Beasley ----- William M. Beasley	Director	November 19, 2002
/s/ George H. Booth, II ----- George H. Booth, II	Director	November 19, 2002
/s/ Frank B. Brooks ----- Frank B. Brooks	Director	November 19, 2002
/s/ John M. Creekmore ----- John M. Creekmore	Director	November 19, 2002
/s/ Marshall H. Dickerson ----- Marshall H. Dickerson	Director	November 19, 2002
/s/ Eugene B. Gifford, Jr. ----- Eugene B. Gifford, Jr.	Director	November 19, 2002
/s/ Richard L. Heyer, Jr. ----- Richard L. Heyer, Jr.	Director	November 19, 2002
/s/ Robert C. Leake ----- Robert C. Leake	Director	November 19, 2002
/s/ J. Niles McNeel ----- J. Niles McNeel	Director	November 19, 2002
/s/ C. Larry Michael ----- C. Larry Michael	Director	November 19, 2002
/s/ Theodore S. Moll ----- Theodore S. Moll	Director	November 19, 2002

/s/ John W. Smith ----- John W. Smith	Director	November 19, 2002
/s/ H. Joe Trulove ----- H. Joe Trulove	Director	November 19, 2002
/s/ J. Heywood Washburn ----- J. Heywood Washburn	Director	November 19, 2002
/s/ Robert H. Weaver ----- Robert H. Weaver	Director	November 19, 2002
/s/ J. Larry Young ----- J. Larry Young	Director	November 19, 2002

## EXHIBIT INDEX

Exhibit Number	Document Description
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4.1	The Peoples Holding Company 2001 Long-Term Incentive Plan
4.2	Amendment No. 1 to the 2001 Long-Term Incentive Plan
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4.4	Amendment No. 1 to the Deferred Compensation Plan
5 & 23.2	Opinion and Consent of Phelps Dunbar LLP
23.1	Consent of Ernst & Young LLP
24.1	Powers of Attorney (included on the signature page of this Registration Statement)

The Peoples Holding Company  
2001 LONG-TERM INCENTIVE PLAN

Effective  
October 8, 2001

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THE PEOPLES HOLDING COMPANY  
2001 LONG-TERM INCENTIVE PLAN

1. PURPOSE.

The purpose of this Plan is to attract and retain Key Employees for The Peoples Holding Company and to provide such persons with incentives and rewards for superior performance and increased shareholder value. This Plan will authorize the Committee to grant Non-Qualified Stock Options to those officers and Key Employees who are selected to participate in the Plan.

2. DEFINITIONS.

As used in this Plan, the following terms shall be defined as set forth below:

"AFFILIATE" means (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company has a significant equity interest, (iii) an affiliate of the Company, as defined in Rule 12b-2 promulgated under Section 12 of the Exchange Act, and (iv) any entity in which the Company has at least twenty percent (20%) of the combined voting power of the entity's outstanding voting securities, in each case as designated by the Board as being a participating employer in the Plan.

"AWARD" means any Option granted under the Plan to a Participant by the Committee pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Committee may establish.

"AWARD AGREEMENT" means any written agreement, contract, or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

"BOARD" means the Board of Directors of The Peoples Holding Company.

"CHANGE IN CONTROL" means any liquidation, dissolution, consolidation or merger of the Company in which the Company is not a continuing or surviving corporation.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COMMITTEE" means a Committee of the Board which shall have at least two members, each of whom shall be appointed by and shall serve at the pleasure of the Board and all of whom shall be "disinterested persons" with respect to the Plan within the meaning of Section 16 of the Exchange Act.

"COMPANY" means The Peoples Holding Company or any successor corporation.

"COVERED OFFICER" means at any date (i) any individual who, with respect to the previous taxable year of the Company, was a "covered employee" of the Company within the meaning of Section 162(m) of the Code; provided, however, that the term "Covered Officer" shall not include any such individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected not to be such a "covered employee" with respect to the current taxable year of the Company and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be such a "covered employee" with respect to the current taxable year of the Company or with respect to the taxable year of the Company in which any applicable Award will be paid.

"PEOPLES HOLDING" means The Peoples Holding Company, or any successor to such corporation.

"DISABILITY" means, unless otherwise defined in the applicable Award Agreement, a disability that would qualify as a total and permanent disability under the Company's then current long-term disability plan.

"DIVIDEND EQUIVALENTS" means amounts equivalent to the dividends paid on Shares of common stock. They may be granted in connection with Awards of stock options.

"EARLY RETIREMENT" means, unless otherwise defined in the applicable Award Agreement, retirement of a Participant from the employ or service of the Company or any of its Subsidiaries or Affiliates upon the anniversary date following the date the participant attains the age of 55 and completes 10 years of service with the Company or any of its Subsidiaries or Affiliates.

"EMPLOYEE" means any person, including an officer, employed by The Peoples Holding Company or a Subsidiary.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time

to time.

"FAIR MARKET VALUE" with respect to the Stock means (1) the closing price on any date for a share of Stock as reported by The Wall Street Journal (a) under the American Stock Exchange Composite Transactions if Stock is traded on the American Stock Exchange or, (b) if Stock is otherwise publicly traded, under the quotation system under which such closing price is reported or, (2) if The Wall Street Journal no longer reports such closing price, such closing price as reported by a newspaper or trade journal selected by the Committee or, (3) if no such closing price is available on such date, such closing price as so reported for the immediately preceding business day, or, (4) if no newspaper or trade journal reports such closing price or if no such price quotation is available, or if Stock is not publicly traded, the price which the Committee acting in good faith determines through any reasonable valuation method that a share of Stock might change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the relevant facts.

"GRANT DATE" means the date specified by the Committee on which a grant of an Award shall become effective, which shall not be earlier than the date on which the Committee takes action with respect thereto.

"GRANTEE" means the person so designated in an agreement as the recipient of an Award granted by the Company.

"HARDSHIP" means an unanticipated emergency that is caused by an event beyond the control of the Participant that would result in severe financial hardship to the Participant resulting from (i) a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee.

"KEY EMPLOYEE" means an employee of The Peoples Holding Company or any Subsidiary or Parent Corporation who, in the judgement of the Committee acting in its absolute discretion, is key to the business performance and success of Peoples Holding.

"NON-EMPLOYEE DIRECTOR" means a member of the Board who is not an Employee.

"NONQUALIFIED STOCK OPTION" or "NQSO" means an Option that is not intended to qualify as an Incentive Stock Option.

"NORMAL RETIREMENT" means, unless otherwise defined in the applicable Award Agreement, retirement of a Participant from the employ or service of the Company or any of its Subsidiaries or Affiliates on or after attainment of the age of 65 years and completion of 10 years of service with the Company or any of its Subsidiaries or Affiliates.

"OPTION" means any Option (NQSO) to purchase Shares granted under this Plan.

"OPTION PRICE" means the purchase price payable to purchase one share upon the exercise of an Option or other Award.

"OPTIONEE" means the person so designated in an award agreement evidencing an outstanding Option or other Award.

"PARTICIPANT" means an Employee who is selected by the Committee to receive benefits under this Plan.

"PERSON" means any individual, corporation, partnership, associate, joint-stock company, trust, unincorporated organization, government or instrumentality of a government or other entity.

"PLAN" means this The Peoples Holding Company 2001 Long-Term Incentive Plan, effective as of the date adopted by the Board in 2001 and as amended from time to time thereafter.

"RULE 16B-3" means Rule 16B-3 of the Exchange Act and any successor provision thereto as in effect from time to time.

"SHARES" or "STOCK" means Shares of the common stock of The Peoples Holding Company, \$5.00 par value, or any security into which Shares may be converted by reason of any transaction or event of the type referred to in Section 4 of this Plan.

"SUBSIDIARY" means a corporation or other entity (i) more than 50 percent of whose outstanding Shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding Shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 50 percent of whose

ownership interest (representing the right generally to make decisions for such other entity) is, as of the date this Plan is approved by the Board and thereafter, owned or controlled directly or indirectly by the Company, provided that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which the Company owns or controls directly or indirectly more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation at the time of such grant.

"SUBSTITUTE AWARDS" means Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

### 3. SHARES AVAILABLE UNDER THE PLAN.

- (a) Subject to adjustment as provided in Section 4 of this Plan, the number of Shares that may be issued or transferred upon the exercise of Options, shall not in the aggregate exceed 600,000 Shares not previously authorized for issuance under any plan of the Company. Such Shares may be Shares of original issuance, Shares held in treasury, or Shares that have been reacquired by the Company.
- (b) Upon the payment of any Option Price by the transfer to the Company of Shares or upon satisfaction of tax withholding obligations under the Plan by the transfer or relinquishment of Shares, there shall be deemed to have been issued or transferred only the number of Shares actually issued or transferred by the Company, less the number of Shares so transferred or relinquished.
- (c) If an Award expires or terminates for any reason without being exercised in full or is satisfied without the distribution of Stock, or Stock distributed pursuant to an Award is forfeited or reacquired by the Company, or is surrendered upon exercise of an Award, the Stock subject to such Award or so forfeited, reacquired or surrendered shall again be available for distribution for purposes of the Plan.
- (d) No Participant may receive Options during any one calendar year representing more than 60,000 Shares.
- (e) Any shares issued by the Company as Substitute Awards in connection with the assumption or substitution of outstanding grants from any acquired corporation shall not reduce the Shares available for Awards under the Plan.

### 4. ADJUSTMENTS.

In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined in good faith by the Committee, in its sole discretion, to be appropriate in order to prevent dilution or enlargement of the rights of Optionees or Grantees, then the Committee shall, in such manner as it may deem equitable: (i) adjust any or all of (1) the aggregate number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan; (2) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards under the Plan; and (3) the grant or exercise price with respect to any Award under the Plan, provided that in each case, the number of shares subject to any Award shall always be a whole number; (ii) if deemed appropriate, provide for an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or (iii) if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award.

### 5. ADMINISTRATION OF THE PLAN.

- (a) This Plan shall be administered by a Committee appointed by the Board and subject to approval by the Board. Any grants of Awards to officers who are subject to Section 16 of the Exchange Act shall be made by a Committee composed of not less than two members of the Board, each of whom shall be a "Non-Employee Director" within the meaning of Rule

16B-3 and subject to approval of the Board. Any grant of an Award that is intended to qualify as "performance-based compensation" under Section 162(m) of the Code shall be made by a Committee composed of not less than two members of the Board, each of whom shall be an "outside director" within the meaning of the regulations under Section 162(m) of the Code.

- (b) The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority: (i) to select the officers and other Key Employees of the Company, its Subsidiaries and Affiliates to whom Awards may from time to time be granted; (ii) to determine the time or times of grant, and the extent, if any, of Non-Qualified Stock Options granted to any one or more Participants; (iii) to determine the number of Shares to be covered by any Award; (iv) to establish the terms and conditions of any Award; including, but not limited to: (A) the Share price; (B) any restriction or limitation on the grant, vesting or exercise of any Award; and (C) any waiver of vesting, acceleration or forfeiture provisions regarding any Stock Option or other Award and the Stock relating thereto, based on such factors as the Committee shall determine; and to determine whether, to what extent and under what circumstances Stock and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant, and whether and to what extent the Company shall pay or credit amounts equal to interest (at rates determined by the Committee), dividends or deemed dividends on such deferrals.
- (c) Subject to the provisions of the Plan and approval of the Board, the Committee shall have full authority to interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; to amend or modify the terms of any Award at or after grant with the consent of the holder of the Award, except to the extent prohibited by Section 7(b) to determine the terms and provisions of the respective Award agreements and to make all other determinations necessary or advisable for the proper administration of the Plan. The Committee's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan (whether or not such persons are similarly situated). No member of the Committee shall be liable to any person or entity for any action taken or determination made in good faith with respect to the Plan or any Award granted hereunder.

## 6. ELIGIBILITY.

Any officer or Key Employee (including any employee-director of the Company or of any Subsidiary or Affiliate who is not a member of the Committee) shall be eligible to be designated a Participant.

## 7. OPTIONS.

The Committee may from time to time authorize grants to Participants of Options to purchase Shares upon such terms and conditions as the Committee may determine in accordance with the following provisions:

- (a) Each grant shall specify the number of Shares to which it pertains.
- (b) Each grant shall specify an Option Price per Share. At the discretion of the Committee, the option price of an option may be equal to, less than, or greater than 100% of the fair market value of the shares with respect to which the option is granted on the Grant Date. Notwithstanding the foregoing and except as permitted by the provisions of Sections 4 and 12(c) hereof, the Committee shall not have the power to (i) amend the terms of previously granted Options to reduce the Option Price of such Options, or (ii) cancel such Options and grant substitute Options with a lower Option Price than the cancelled Options.
- (c) Each vested Option may be exercised in whole or in part at any time, with respect to whole shares only, within the period permitted for the exercise thereof and shall be exercised by written notice of intent to exercise the Option, delivered to the Company at its principal office, and payment in full to the Company at said office of the amount of the Option Price for the number of Shares with respect to which the Option is then being exercised. Each grant shall specify the form of consideration to be paid in satisfaction of the Option Price and the manner of payment of such consideration, which may include (i) cash in the form of currency or check or other cash equivalent acceptable to

the Company, (ii) nonforfeitable, unrestricted Shares that have been owned by the Optionee for at least six months and have a value at the time of exercise that is equal to the Option Price, together with any applicable withholding taxes, (iii) any other legal consideration that the Committee may deem appropriate, including without limitation any form of consideration authorized under Section 7(d) below, on such basis as the Committee may determine in accordance with this Plan, or (iv) any combination of the foregoing.

- (d) On or after the Grant Date of any Option, the Committee may determine that payment of the Option Price may also be made in Shares that are subject to risk of forfeiture or restrictions on transfer. Unless otherwise determined by the Committee, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this Section 7(d), the Shares received by the Optionee upon the exercise of the Options shall be subject to the same risks of forfeiture or restrictions on transfer as those that applied to the consideration surrendered by the Optionee, provided that such risks of forfeiture and restrictions on transfer apply only to the same number of Shares received by the Optionee as applied to the forfeitable Shares surrendered by the Optionee.
- (e) Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on the date of exercise of some or all of the Shares to which the exercise relates.
- (f) Each Option grant may specify a period of continuous employment of the Optionee by the Company or any Subsidiary or Affiliate, or other terms and conditions that may be determined by the Committee that is necessary before the Options or installments thereof shall become exercisable, and any grant may provide for the earlier exercise of such rights in the event of a Change in Control of the Company or other similar transaction or event.
- (g) Options granted under this Plan will be Nonqualified Stock Options.
- (h) No Option granted under this Plan may be exercised more than 10 years from the Grant Date.
- (i) Each grant shall be evidenced by an agreement executed on behalf of the Company by any officer thereof and delivered to and accepted by the Optionee and containing such terms and provisions as the Committee may determine consistent with this Plan.

#### 8. TRANSFERABILITY.

- (a) Except as provided in Section 8(b), no Award granted under this Plan may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of by a Participant other than by will or the laws of descent and distribution, and Options shall be exercisable during a Participant's lifetime only by the Participant or, in the event of the Participant's legal incapacity, by his guardian or legal representative acting in a fiduciary capacity on behalf of the Participant under state law and court supervision.
- (b) The Committee may expressly provide in a Nonqualified Stock Option agreement (or an amendment to such an agreement) that a Participant may transfer such Nonqualified Stock Option to a spouse or lineal descendant (a "Family Member"), a trust for the exclusive benefit of Family Members, a partnership or other entity in which all the beneficial owners are Family Members, or any other entity affiliated with the Participant that may be approved by the Committee. Subsequent transfers of any such Nonqualified Stock Option shall be prohibited except in accordance with this Section 8(b). All terms and conditions of any such Nonqualified Stock Option, including provisions relating to the termination of the Participant's employment or service with the Company or a Subsidiary or Affiliate, shall continue to apply following a transfer made in accordance with this Section 8(b).
- (c) Any Award made under this Plan may provide that all or any part of the Shares that are to be issued or transferred by the Company upon the exercise of Options shall be subject to further restrictions upon transfer.

#### 9. FRACTIONAL SHARES.

No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or

whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

#### 10. WITHHOLDING TAXES.

To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of all such taxes required to be withheld. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit. The Committee may provide, at its discretion, for additional cash payments to holders of Awards to defray or offset any tax arising from the grant, vesting, exercise or payments of any Award.

#### 11. CERTAIN TERMINATIONS OF EMPLOYMENT, HARDSHIP AND APPROVED LEAVES OF ABSENCE.

Notwithstanding any other provision of this Plan to the contrary, in the event of termination of employment by reason of death, Disability, Normal Retirement, Early Retirement with the consent of the Company or leave of absence approved by the Company, or in the event of Hardship or other special circumstances, of a Participant who holds an Option that is not immediately and fully exercisable or any Shares that are subject to any transfer restriction pursuant to Section 8(b) of this Plan, the Committee may in its sole discretion take any action that it deems to be equitable under the circumstances or in the best interests of the Company, including without limitation waiving or modifying any limitation or requirement with respect to any Award under this Plan.

#### 12. AMENDMENTS AND OTHER MATTERS.

- (a) The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall increase any of the limitations specified in Sections 3 or 8(b) of this Plan, other than to reflect an adjustment made in accordance with Section 4, without the approval of the stockholders of the Company.
- (b) Subject to the restrictions of Section 7(b) hereof, the Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary.
- (c) The Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4 hereof) affecting the Company, any Subsidiary or Affiliate, or the financial statements of the Company or any Subsidiary or Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan; provided that no such adjustment shall be authorized to the extent that such authority would be inconsistent with a performance based award's meeting the requirements of Section 162(m) of the Code.
- (d) This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary and shall not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any Participant's employment or other service at any time.
- (e) To the extent that any provision of this Plan would prevent any Option that was intended to qualify under particular provisions of the Code from so qualifying, such provision of this Plan shall be null and void with respect to such Option, provided that such provision shall remain in effect with respect to other Options, and there shall be no further effect on any provision of this Plan.

#### 13. GOVERNING LAW.

The validity, construction and effect of this Plan and any Award hereunder shall be determined in accordance with the laws (including those governing contracts) of the State of Mississippi.

#### 14. NO RIGHTS TO AWARDS.

No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Employees, or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each recipient.

#### 15. SHARE CERTIFICATES.

All certificates for Shares or other securities of the Company or any Subsidiary or Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

#### 16. AWARD AGREEMENTS.

Each Award hereunder shall be evidenced by an Award Agreement that shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail.

#### 17. NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS.

Nothing contained in the Plan shall prevent the Company or any Subsidiary or Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options provided for hereunder (subject to stockholder approval as such approval may be required), and such arrangements may be either generally applicable or applicable only in specific cases.

#### 18. SEVERABILITY.

If any provision of the Plan or any Award is, or becomes, or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

#### 19. OTHER LAWS.

The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder, or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal or non-U.S. securities laws and any other laws to which such offer, if made, would be subject.

#### 20. NO TRUST OR FUND CREATED.

Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary or Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any

Subsidiary or Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary or Affiliate.

## 21. HEADINGS.

Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

## 22. EFFECTIVE DATE AND BOARD OF DIRECTORS APPROVAL.

This Plan shall become effective upon its approval by the Board of Directors. The Committee may grant Awards subject to the condition that this Plan shall have been approved by the Board of Directors.

## 23. TERMINATION.

This Plan shall terminate ten years from the date on which this Plan is first approved by the Board, and no Award shall be granted after that date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Committee to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the authority for grant of new Awards hereunder has been exhausted.

THE PEOPLES HOLDING COMPANY  
2001 LONG-TERM INCENTIVE PLAN

AMENDMENT NO. 1

Whereas, The Peoples Holding Company (the "Company") maintains The Peoples Holding Company 2001 Long-Term Incentive Plan, a long-term incentive compensation plan, which provides for the grant or award of \$5.00 par value voting common stock issued by the Company (the "Common Stock") to officers and key employees of the Company and its affiliates (the "Plan");

Whereas, the Company now desires to amend the Plan to reduce the number of shares that may be issued under the Plan and to make other plan design changes;

Now, Therefore, Be it Resolved, that the Plan shall be amended as follows:

I.  
SHARES

Section 3, subparagraph (a) of the Plan shall be amended and restated to read in its entirety as follows:

(a) Subject to adjustment as provided in Section 4 of this Plan, the number of Shares that shall be reserved for issuance or transfer hereunder shall be 250,000 Shares. Such Shares may be Shares of original issuance, Shares held in treasury or Shares that have been acquired by the Company, whether on the open market or by private purchase.

The following subparagraph (f) shall be added to Section 3 of the Plan to read in its entirety as follows:

(f) For any year in which this Plan has not been approved by the shareholders of the Company, (i) the number of Shares authorized for issuance with respect to such year shall not exceed 5% of outstanding Shares, and (ii) with respect to all arrangements adopted without shareholder approval in any five-year period, the aggregate Shares authorized under all such plans shall not exceed 10% of such Shares. This subparagraph (f) shall be interpreted and construed by the Committee in a manner intended to comply with any limitations imposed by the American Stock Exchange or such other exchange or listing service as may be applicable to the Company, from time to time.

II.  
ADJUSTMENTS

Section 4 of the Plan shall be amended and restated to read in its entirety as follows:

In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares, such that an adjustment is necessary to prevent dilution or enlargement of the rights of Optionees or Grantees, then the Committee shall: (i) adjust any or all of (1) the aggregate number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan; (2) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards under the Plan; and (3) the grant or exercise price with respect to any Award under the Plan, provided that in each case, the number of Shares subject to any Award shall always be a whole number; (ii) if deemed appropriate, provide for an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or (iii) if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award.

III.  
FAIR MARKET VALUE

The definition of the term "Fair Market Value" included in Section 2 of the Plan shall be amended to add the following sentence, as follows:

In the event that the Committee determines that the closing price of a share of Stock determined in accordance with items (1) through (3) hereof does not fairly represent the value of such Stock, then the Committee may determine that Fair

Market Value hereunder shall be an average of such prices for a period immediately preceding the date on which such value is determined, not in excess of 20 consecutive trading days.

IV.  
OPTION PRICE

Section 7, subparagraph (b) of the Plan shall be amended and restated to read in its entirety as follows:

(b) Each grant shall specify an Option Price per Share, which shall not be less than the Fair Market Value of a Share determined as of the Grant Date in accordance with section 2 hereof.

Section 7, subparagraph (e) of the Plan shall be amended and restated to read in its entirety as follows:

(e) A Participant may exercise Options and contemporaneously sell the Shares acquired thereby pursuant to a brokerage or similar arrangement, provided that the proceeds thereof are applied to the payment of the purchase price of the Shares. Any such transaction shall be with the consent of the Committee and to the extent permitted in accordance with applicable federal and state securities and tax laws.

This Amendment No. 1 was approved by the Board of Directors of the Company on November 19, 2002.

WITNESSES:

/s/ Stuart Johnson  
- -----  
Stuart Johnson

/s/ Patsy Brandon  
- -----  
Patsy Brandon

THE PEOPLES HOLDING COMPANY

By: /s/ Hollis Ray Smith  
-----  
Hollis Ray Smith  
Its: Plan Administrator

Date: December 4, 2002

The Peoples Holding Company  
Deferred Compensation Plan

Effective January 1, 2002

The Peoples Holding Company Deferred Compensation Plan

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The Peoples Holding Company establishes, effective as of January 1, 2002, an unfunded, deferred compensation plan on behalf of certain selected management or highly compensated employees and directors of The Peoples Holding Company and its subsidiaries. This document defines the provisions of such plan and will be known as "The Peoples Holding Company Deferred Compensation Plan."

ARTICLE I

DEFINITIONS

The following sections of this Article I provide basic definitions of terms used throughout this Plan, and whenever used herein in a capitalized form, except as otherwise expressly provided, the terms will be deemed to have the following meanings:

2.2 "Account" means the record of a Participant's interest in this Plan represented by the Deferrals, with all earnings thereon credited to such Account on behalf of the Participant under this Plan and all losses, expenses, withdrawals and distributions thereon debited from such Account.

2.3 "Affiliate" means (i) any entity that, directly or indirectly, is controlled by the Company, (ii) any entity in which the Company has a significant equity interest, (iii) an affiliate of the Company, as defined in Rule 12b-2 promulgated under Section 12 of the Exchange Act, and (iv) any entity in which the Company has at least twenty percent (20%) of the combined voting power of the entity's outstanding voting securities, in each case as designated by the Board as being a participating employer in the Plan.

2.4 "Base Salary" means an Employee's base salary for the Plan Year, as may be adjusted from time to time.

1.4 "Beneficiary" means the person or persons designated pursuant to Article VII herein, by a Participant to receive such payments as may become payable hereunder after the death of a Participant.

1.5 "Board" means the board of directors of the Company.

1.6 "Bonus" means the additional compensation payment in cash to an Employee under the terms of the Company's Management Annual Incentive Compensation Plan or any other performance compensation plan, program or arrangement under which the Company pays an amount of cash remuneration to an Employee above such Participant's Base Salary, including any cash-based long-term incentive plan.

1.7 "Change in Control" means any liquidation, dissolution, consolidation or merger of the Company in which the Company is not a continuing or surviving corporation.

1.8 "Committee" means the committee appointed by the Board to manage and control the operation and administration of this Plan.

1.9 "Company" means The Peoples Holding Company and any Subsidiaries or Affiliates that adopt the Plan, with the company's approval, for their employees, or any successor entity by operation of law or any successor entity which affirmatively adopts the Plan, the trust, if any, and the obligations of Peoples Holding Company with respect to the Plan.

2.10 "Company Stock" means the common stock of The Peoples Holding Company, \$5.00 per share, or any security into which Company Stock may be converted by reason of any transaction or event of the type referred to in Section 4.5 hereof or a Change in Control.

1.11 "Compensation" means the Base Salary, Bonus, or Director Compensation earned, or to be earned, by a Participant during a Plan Year.

1.12 "Crediting Rate" means an interest rate determined by reference to Company Stock in accordance with Article IV of this Plan. The amount of interest credited on each Valuation Date (or deducted in the case of depreciation in value of Company Stock) shall equal the interest, dividends, increase or decrease in market value and other earnings or losses that would have been credited to the Account if the Account had actually been invested in Company Stock for that month.

1.13 "Deferrals" means that portion of a Participant's Compensation to be paid during a Plan Year which a Participant elects to have and is deferred during any one Plan Year. In the event of a Participant's Termination of Employment prior to the end of a Plan Year, such year's Deferral shall be the actual amount deferred and withheld prior to such Termination of Employment.

1.14 "Deferral Election" or "Election" means an irrevocable election made by an Eligible Employee or Director in accordance with the requirements of the Plan to reduce such Participant's Base Salary, Bonus or Director Compensation, as the case may be, for a Plan Year by an amount equal to the product of such Employee or Director's Deferral Percentage and such Employee Compensation or Director Compensation subject to the Deferral.

1.15 "Deferral Election Form" means the form established from time to time by the Committee that an Eligible Employee or Director completes, signs and returns to the Committee to make a Deferral Election.

1.16 "Deferral Percentage" means the percentages of a Participant's Base Salary, Bonus or Director Compensation for a Plan Year which, pursuant to such Participant's Deferral Election, is to be deferred in accordance with this Plan.

1.17 "Director" means a member of the Board.

1.18 "Director Compensation" means the compensation paid to a Director for service as a Director by the Company in the form of either an annual retainer or meeting fees.

1.19 "Disabled" means the total and permanent disability of a Participant under the terms of the long-term disability plan of the Company then in effect, or, in the absence of a long-term disability plan, as determined by the Board, in its sole and absolute discretion.

1.20 "Effective Date" means January 1, 2002.

1.21 "Eligible Employee" means each Employee who is a member of select group of management or highly compensated employees, and is selected by the Committee to participate in this Plan pursuant to Article II hereof.

1.22 "Employee" means any person who renders services as a common law employee to the Company, or any of its subsidiaries or affiliates.

1.23 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.24 "Fair Market Value" means with respect to the Stock (i) the closing price on any date for a share of Stock as reported by The Wall Street Journal (a) under the American Stock Exchange Composite Transactions if Stock is traded on the American Stock Exchange or, (b) if Stock is otherwise publicly traded, under the quotation system under which such closing price is reported or, (ii) if The Wall Street Journal no longer reports such closing price as reported by a newspaper or trade journal selected by the Committee or, (iii) if no such closing price is available on such date, such closing price as so reported for the immediately preceding business day, or, (iv) if no newspaper or trade journal reports such closing price or if no such price quotation is available, or if Stock is not publicly traded, the price which the Committee acting in good faith determines through any reasonable valuation method that a share of Stock might change hands between a willing buyer and a willing seller, neither being

under any compulsion to buy or to sell and both having reasonable knowledge of the relevant facts.

1.25 "Internal Revenue Code" or "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.26 "Notice Date" means the date established by the Committee as the deadline for it to receive a Deferral Election or any other notification with respect to an administrative matter in order to be effective under this Plan. Notwithstanding anything to the contrary, the Notice Date with respect to a Deferral Election will be such date as will be determined by the Committee (1) before January 1 of the year during which Compensation to be deferred is earned by the Participant, or (2) with respect to any Bonus payable to an Eligible Employee under a cash-based long-term incentive plan, at least ninety (90) days before the expiration of any applicable performance period under such plan; provided that, in the year in which the Plan becomes effective, Employees or Directors who are eligible to participate may make a Deferral Election within thirty (30) days after the effective date of the Plan and in the year in which the Employee or Director first becomes eligible to participate in the Plan, such Employee or Director may make a Deferral Election within thirty (30) days after the date on which such Employee or Director becomes eligible for participation.

1.27 "Participant" means an Eligible Employee or Director who begins to participate in this Plan after completing the eligibility requirements and properly filing a Deferral Election Form. An individual will remain a Participant until the distribution of the balance of all of such Participant's Account.

1.28 "Plan" means the Peoples Holding Company Deferred Compensation Plan, as it may be validly amended from time to time.

1.29 "Plan Year" means the annual accounting period of this Plan which ends on each December 31.

1.30 "Retirement" means the Termination of Employment of an Employee from the employ or service of the Company, or any of its subsidiaries or affiliates in accordance with the terms of the applicable Company retirement plan, or if an Employee is not covered by any such plan, the Termination of Employment of the Employee on or after the earliest to occur of the following:

(a) the attainment by the Employee of the age of 65 and the achievement of five years of employment or service with the Company or any of its subsidiaries or affiliates; or

(b) the attainment by the Employee of the age of 55 and 10 years of employment or service with the Company or any of its subsidiaries or affiliates.

1.31 "Spouse" means the person to whom a Participant is validly married under the laws of the State of the Participant's primary residence; provided however, if the Participant is legally separated from a person who would otherwise be such Participant's Spouse (but for this proviso), then such person will cease to be such Participant's Spouse. For this purpose, a common law spouse is a Spouse only if the Participant resides in a State that legally recognizes common law marriages. A person to whom a Participant was formerly married is not a Spouse.

1.32 "Subsidiary" means a corporation or other entity (i) more than 50 percent of whose outstanding Share or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding Share or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than 40 percent of whose ownership interest (representing the right generally to make decisions for such other entity) is, as of the date this Plan is approved by the Board and thereafter, owned or controlled directly or indirectly by the Company.

1.33 "Termination of Employment" of an Employee occurs when a person ceases to be an Employee as determined by the personnel policies of the Company; provided however, that transfer of employment from the Company, or from one affiliate of the Company, to another affiliate of the Company or to the Company, will not constitute a Termination of Employment for purposes of this Plan. A Disabled Participant shall be deemed to have terminated employment for purposes of this Plan. For purposes of this Plan, the termination of service of a Director as a Director of the Company, whether by operation of the Bylaws of the Company, voluntary resignation, removal by the Board or nonelection by the Shareholders, shall constitute Termination of Employment.

1.34 "Valuation Date" means the date of deferral.

1.35 "Unforeseeable Financial Emergency" means an unanticipated emergency that is caused by an event beyond the control of the Participant that would

result in severe financial hardship to the Participant resulting from (i) a sudden or unexpected illness or accident of the Participant or a dependent of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee.

## ARTICLE II

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### PARTICIPATION

2.1 Eligibility. The Committee in its sole discretion will select and notify those Employees who will be Eligible Employees for any particular Plan Year. An Eligible Employee will remain eligible to participate in the Plan with respect to each Plan Year following such Eligible Employee's initial selection by the Committee, unless removed as an Eligible Employee with respect to a Plan Year (or Plan Years) by action of the Committee in its sole discretion. If the Committee determines that participation in the Plan by a Participant will cause the Plan to be subject to Parts 2, 3 or 4 of Title I of ERISA, the Committee may, in its discretion, immediately pay to the Participant the value of his Account hereunder. All Directors are eligible to participate in the Plan.

2.2 Participation. Each Eligible Employee and Director may elect to become a Participant under the Plan by completing, signing and returning to the Committee a Deferral Election Form provided for that purpose by the Committee, no later than the designated Notice Date.

## ARTICLE III

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### PARTICIPANT DEFERRAL ELECTIONS

#### 3.1 Employee Deferral Election.

An Eligible Employee may elect to defer a portion of Compensation for a Plan Year until January of a specific year ("Year Certain") or until January of the year following Retirement. An Eligible Employee who desires to make a Deferral will file a Deferral Election Form pursuant to procedures specified by the Committee (i) specifying the applicable Deferral Percentage(s) and the date as of which the amounts so deferred will become payable unless otherwise provided in this Plan, and (ii) authorizing such Eligible Employee's Compensation payable for a Plan Year to be reduced and deferred hereunder.

The applicable Deferral Percentage(s) selected by an Eligible Employee under Subsection (a) hereof, for any Plan Year, will not exceed \_\_\_\_ percent (\_\_\_\_%) of such Eligible Employee's Base Salary and one hundred percent (100%) of such Eligible Employee's Bonus; provided that the Committee may, without amending this Plan, determine that the maximum applicable Deferral Percentage will be greater or lesser than the percentages set forth herein. Otherwise, the maximum Deferral Percentage as provided herein will apply.

3.2 Director Deferral Election. A Director may elect to defer a portion of such Director's Compensation for a Plan year until January of the year following the year of such Director's Termination of Employment. A Director who desires to make a Deferral will file a Deferral Election Form pursuant to procedures specified by the Committee (i) specifying the applicable Deferral Percentage(s), and (ii) authorizing such Director's Compensation payable for a Plan year to be reduced and deferred hereunder.

3.3 Election Procedures. If properly received by the Committee on or before the relevant Notice Date, a Deferral Election will be effective only with respect to Compensation paid with respect to the Plan Year to which the Deferral Election applies pursuant to the terms of this Plan. Future Deferrals will be terminated automatically for any Participant who is deemed by the Committee to no longer be eligible for participation in the Plan. Consistent with the above, the Committee may establish rules and procedures governing when a Deferral Election will be effective and what Compensation will be deferred by the Deferral Election; provided such rules and procedures are not more permissive than the terms and provisions of this Plan.

#### 3.4 Election to Modify or Terminate Future Contributions. Subject to the

provisions of Sections 5.1 and 6.3 hereof, all Deferrals hereunder are irrevocable. A Participant who desires to modify or terminate the amount of future Compensation being deferred under the Plan must notify the Committee in writing on a Deferral Election Form provided by the Committee. Elections to decrease or terminate Deferrals of future Compensation shall become effective as soon as administratively possible. Elections to increase Deferrals of future Compensation shall become effective on January 1 of the next Plan Year.

3.5 Vesting. A Participant will be fully vested at all times in his or her Account.

#### ARTICLE IV

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##### DEFERRALS AND ACCOUNTS

4.1 Deferrals. A Participant's Deferrals under Article IV herein shall be credited to an Account maintained for each Participant. A Participant's Deferrals will be credited to the Participant's Account as of the date on which the Participant's Compensation would otherwise have been paid to the Participant had it not been deferred. All amounts credited to a Participant's Account will be treated as a reduction of Compensation otherwise payable to such Participant. Distributions pursuant to Articles V and VI shall be debited against a Participant's Account.

4.2 Valuation of Accounts. The Account is a bookkeeping account, the value of which shall be based upon the performance of Company Stock. Deferrals will be credited to the Account in the form of units, each reflecting one share of Company Stock. Fractional units will also be credited to such account, if applicable. The number of such credited units will be determined by dividing the value of the Compensation deferred by the Fair Market Value of the Company Stock as of the close of business on the day on which such Compensation would have been paid had it not been deferred. All dividends paid with respect to Company Stock will be deemed to be immediately reinvested in such Common Stock. Prior to any distribution of a Participant's Account under Articles V or VI herein, the Company shall credit the Account with interest on each Valuation Date, at the Crediting Rate. Notwithstanding the foregoing, the terms of this Plan place no obligation upon the Company to invest or to continue to invest any portion of the amounts in the Participant's Account, to invest in or to continue to invest in any specific asset, to liquidate any particular investment, or to apply in any specific manner the proceeds from the sale, liquidation, or maturity of any particular investment. It is understood and agreed that the Company assumes no risk of any decrease in the value of Company Stock or the Participant's Account, and the Company's sole obligations are to maintain the Participant's Account and make payments to the Participant as herein provided.

4.3 Credits to Deferral Account Balance. Credits to a Participant's Account in accordance with this Article IV shall continue until the Account balance is paid in full to the Participant or the Participant's Beneficiary.

4.4 Statement of Account. The Company shall provide periodically to each Participant (but not less frequently than once each calendar quarter) a statement setting forth the Account balance of such Participant.

4.5 Adjustments. In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined in good faith by the Committee, in its sole discretion, to be appropriate in order to adequately reflect the Crediting Rate and prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then the Committee may, in such manner as it may deem equitable (i) adjust the number of units credited to a Participant's Account pursuant to Section 4.2 hereof, or (ii) adjust the number of shares of Company Stock represented by a unit as provided in Section 4.2 hereof. The determination of the Committee as to such adjustments, if any, shall be binding and conclusive.

#### ARTICLE V

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##### WITHDRAWALS

5.1 Withdrawals for Hardship. At the request of a Participant in the event of an Unforeseeable Financial Emergency or at the request of the Participant's Beneficiaries after the Participant's death, the Committee may, in its sole discretion, accelerate and pay all or part of the value of the Participant's Account. An accelerated distribution hereunder for an Unforeseeable Financial Emergency must be limited to only that amount necessary to relieve the Unforeseeable Financial Emergency (plus any appropriate taxes). Amounts distributed to a Participant hereunder will be subject to applicable tax withholding.

5.2 Other Premature Withdrawals. A Participant may request the withdrawal of all or part of such Participant's Account (not in excess of the balance of such Account), prior to the time otherwise specified in any applicable Deferral Election of the Participant under this Plan, for reasons other than a financial need. The Participant will acknowledge and agree that in consideration for the current payment of the relevant portion of the Participant's Account, the Participant will forfeit ten percent (10%) of the total pre-withdrawal value of such portion of the Participant's Account. In addition, the Participant will be precluded from further participation in the Plan for a period of twelve (12) months following the month during which the Participant's withdrawal request is received by the Committee.

#### 5.3 Withdrawal Processing.

(a) Minimum Amount. There is no minimum payment for any type of withdrawal.

(b) Application by Participant. To apply for any type of withdrawal, a Participant must submit to the Committee a withdrawal request, in accordance with such uniform and nondiscriminatory procedure as will be established by the Committee.

(c) Approval by Committee. The Committee is responsible for determining that a withdrawal request conforms to the requirements described in this Article and notifying the Company of any payments to be made in a timely manner. With respect to any withdrawal request under Section 5.1, the Committee's decision to allow a Participant to withdraw all or part of such Participant's Account in connection with a financial need will be based on the facts and circumstances of each case. However, in no event will the amount withdrawn exceed the lesser of the amount which the Committee deems necessary to satisfy such financial need (plus any appropriate taxes) or the balance of such Participant's Account. Any request to make a withdrawal by a member of the Committee may be approved only by disinterested members of the Committee, or if none, by the Board.

(d) Time of Processing. The Company will make payment to the Participant as soon as is administratively feasible following approval of the withdrawal request; provided however, if such payment will result in any portion of the payment (or any other amount paid to such Participant during the same Plan Year) not being deductible by reason of Code section 162(m), the Committee may defer payment to a later payment date designated by it.

(e) Medium and Form of Payment. The medium of payment for all withdrawals is Company Stock. The form of payment for withdrawals will be a single-sum payment in Company Stock, less applicable withholding taxes.

## ARTICLE VI

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### WITHDRAWALS

5.1 Withdrawals for Hardship. At the request of a Participant in the event of an Unforeseeable Financial Emergency or at the request of the Participant's Beneficiaries after the Participant's death, the Committee may, in its sole discretion, accelerate and pay all or part of the value of the Participant's Account. An accelerated distribution hereunder for an Unforeseeable Financial Emergency must be limited to only that amount necessary to relieve the Unforeseeable Financial Emergency (plus any appropriate taxes). Amounts distributed to a Participant hereunder will be subject to applicable tax withholding.

5.2 Other Premature Withdrawals. A Participant may request the withdrawal of all or part of such Participant's Account (not in excess of the balance of such Account), prior to the time otherwise specified in any applicable Deferral Election of the Participant under this Plan, for reasons other than a financial need. The Participant will acknowledge and agree that in consideration for the current payment of the relevant portion of the Participant's Account, the

Participant will forfeit ten percent (10%) of the total pre-withdrawal value of such portion of the Participant's Account. In addition, the Participant will be precluded from further participation in the Plan for a period of twelve (12) months following the month during which the Participant's withdrawal request is received by the Committee.

### 5.3 Withdrawal Processing.

(a) Minimum Amount. There is no minimum payment for any type of withdrawal.

(b) Application by Participant. To apply for any type of withdrawal, a Participant must submit to the Committee a withdrawal request, in accordance with such uniform and nondiscriminatory procedure as will be established by the Committee.

(c) Approval by Committee. The Committee is responsible for determining that a withdrawal request conforms to the requirements described in this Article and notifying the Company of any payments to be made in a timely manner. With respect to any withdrawal request under Section 5.1, the Committee's decision to allow a Participant to withdraw all or part of such Participant's Account in connection with a financial need will be based on the facts and circumstances of each case. However, in no event will the amount withdrawn exceed the lesser of the amount which the Committee deems necessary to satisfy such financial need (plus any appropriate taxes) or the balance of such Participant's Account. Any request to make a withdrawal by a member of the Committee may be approved only by disinterested members of the Committee, or if none, by the Board.

(d) Time of Processing. The Company will make payment to the Participant as soon as is administratively feasible following approval of the withdrawal request; provided however, if such payment will result in any portion of the payment (or any other amount paid to such Participant during the same Plan Year) not being deductible by reason of Code section 162(m), the Committee may defer payment to a later payment date designated by it.

(e) Medium and Form of Payment. The medium of payment for all withdrawals is Company Stock. The form of payment for withdrawals will be a single-sum payment in Company Stock, less applicable withholding taxes.

## ARTICLE VI

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### DISTRIBUTIONS

6.1 Distribution of Account Balance. Distribution of the value of a Participant's Account balance for any Plan Year in which the Participant made a Deferral shall be in a lump sum or in annual installments over a period of time not less than two (2) nor more than ten (10) years, as specified by the Participant on the Deferral Election Form for that Plan Year. If the timing of distribution or a payment form is not specified on a Deferral Election Form for any particular Plan Year in which the Participant made a Deferral, the Participant's Account balance for that Plan Year shall be distributed as a lump sum upon the Participant's Termination of Employment. If any distribution will result in any portion of the payment (or any other amount paid to such Participant during the same Plan Year) not being deductible by reason of Code section 162(m), the Committee may defer payment to a later payment date designated by it and such Account will continue to have investment returns measured under this Plan.

6.2 Form of Payment. Distributions of a Participant's Account balance will be made in the form of Company Stock.

### 6.3 Time of Payment.

(a) Year Certain Deferrals. If the Participant remains employed until the Year Certain elected, all amounts relating to a Year Certain deferral will be paid either in a single distribution, less applicable withholding taxes, in January of the Year Certain elected, or in up to ten (10) annual installments payable each January commencing with the Year Certain elected, as designated by the Participant on the Deferral Election Form. Annual installments will be paid in an amount, less applicable withholding taxes, determined by multiplying (i) the balance of the Account attributable to the Plan Year for which such election was made, by (ii) a fraction, the numerator of which is one (1) and the denominator of which is a number equal to the remaining unpaid annual installments.

(b) Timing of Distribution Upon Retirement or Disability. Distributions shall commence, or be paid in a lump sum if so elected by the Participant, in January of the year following Retirement or Disability. Annual installments shall be paid in an amount, less applicable withholding taxes, determined by multiplying (i) the balance of the Account by (ii) a fraction, the numerator of which is one (1) and the denominator of which is a number equal to the remaining unpaid annual installments.

(c) Termination of Employment Prior to End of Deferral Period. In the event of Termination of Employment of an Employee Participant for any reason prior to the completion of an elected deferral period, the Employee Participant's Account shall be paid to the Employee Participant or the Employee Participant's Beneficiary, as the case may be, in a single lump sum, less applicable withholding taxes, as soon as practicable after the end of the calendar quarter in which the Termination of Employment occurred; provided, however, that upon an Employee Participant's Retirement or Termination of Employment due to Disability prior to completion of an elected deferral period, all such amounts shall be paid or in the case of the election of installment payments, commence to be paid, in January of the year following such Retirement or Termination of Employment due to Disability, as the case may be.

(d) Death of a Participant Subsequent to Commencement of Distribution Payments. In the event of the death of a Participant subsequent to the commencement of payments hereunder but prior to completion of such payments, the installments shall continue and shall be paid to the designated Beneficiary as if the Participant had survived. The Company shall reserve the right to commute and pay the benefits in a lump sum.

6.4 Redeferral Election. Notwithstanding the foregoing, a Participant will be permitted to timely elect to delay the beginning date of distribution and/or increase the number of annual installments (up to the maximum permitted under Section 6.1 herein) for previous Deferrals, provided that the redeferral election must be made at least one full calendar year prior to the date on which such distribution would otherwise have been made in the absence of such redeferral, and must be made in such manner as is provided for by the Committee.

6.5 Determination of Account Balance. When a distribution of all or a portion of an Account is to be made, the number of shares of Company Stock to be distributed shall be determined by multiplying the number of units in the Account by the Fair Market Value of one share of Company Stock on the date of distribution, then dividing the resulting quotient by the Fair Market Value of one share of Company Stock on the date of distribution.

6.6 Section 16(b) Restrictions. Notwithstanding any other provision of this Plan, the Committee shall adopt such procedures as it may determine are necessary to ensure that with respect to any Participant who is actually or potentially subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the crediting of deemed shares to such Participant's Account is not deemed to be a non-exempt purchase for purposes of Section 16(b), including without limitation requiring that no shares of Company Stock may be distributed for six months after being credited to such Account.

## ARTICLE VII

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### BENEFICIARY

7.1 Beneficiary Designation. A Participant shall designate a Beneficiary to receive benefits under the Plan on the Deferral Election Form provided by the Committee. If more than one Beneficiary is named, the share and/or precedence of each Beneficiary shall be indicated. A Participant shall have the right to change the Beneficiary at any time by submitting to the Committee a new Deferral Election Form.

7.2 Proper Beneficiary. If the Committee has any doubt as to the proper Beneficiary to receive payments hereunder, the Committee shall have the right to withhold such payments until the matter is finally adjudicated. However, any payment made by the Committee, in good faith and in accordance with this Plan, shall fully discharge the Company from all further obligations with respect to that payment.

7.3 Minor or Incompetent Beneficiary. In making any payments to or for the benefit of any minor or an incompetent Beneficiary, the Committee, in its sole and absolute discretion, may make a distribution to a legal or natural guardian or other relative of a minor or court appointed committee of such incompetent.

Alternatively, it may make a payment to any adult with whom the minor or incompetent temporarily or permanently resides. The receipt by a guardian, committee, relative or other person shall be a complete discharge to the Company. Neither the Company nor the Committee shall have any responsibility to see to the proper application of any payments so made.

7.4 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Section 7.1 above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving Spouse. If the Participant has no surviving Spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

## ARTICLE VIII

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### ADMINISTRATION OF THE PLAN

8.1 Majority Vote. All resolutions or other actions taken by the Committee shall be by vote of a majority of those present at a meeting at which a majority of the members are present, or in writing by all the members at the time in office if they act without a meeting. Such resolutions or actions shall be confirmed in writing by a Board resolution.

8.2 Finality of Determination. Subject to the Plan, the Committee shall, from time to time, establish rules, forms and procedures for the administration of the Plan. Except as herein otherwise expressly provided, the Committee shall have the exclusive right and discretion to interpret the Plan and to decide any and all matters arising thereunder or in connection with the administration of the Plan, and it shall endeavor to act, whether by general rules or by particular decisions, so as not to discriminate in favor of or against any person. The interpretations, decisions, actions and records of the Committee shall be conclusive and binding upon the Company and all persons having or claiming to have any right or interest in or under the Plan, and cannot be overruled by a court of law unless arbitrary or capricious.

8.3 Certificates and Reports. The members of the Committee and the officers and directors of the Company shall be entitled to rely on all certificates and reports made by any duly appointed accountants, and on all opinions given by any duly appointed legal counsel, which legal counsel may be counsel for the Company.

8.4 Indemnification and Exculpation. The Company shall indemnify and hold harmless each current and former member of the Committee and each current and former member of the Board against any and all expenses and liabilities (to the extent not indemnified under any liability insurance contract or other indemnification agreement) which the person incurs on account of any act or failure to act in connection with the good faith administration of the Plan. Expenses against which a member of the Committee shall be indemnified hereunder shall include, without limitation, the amount of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted, or a proceeding brought or settlement thereof. The foregoing right of indemnification shall be in addition to any other rights to which any such member of the Committee may be entitled as a matter of law, but shall be conditioned upon the person's notifying the Company of the claim of liability within 60 days of the notice of that claim and offering the Company the right to participate in and control the settlement and defense of the claim. The foregoing provision will not be applicable to any person if the loss, cost, liability, or expense is due to such person's gross negligence or willful misconduct.

8.5 Expenses. The expenses of administering the Plan shall be borne by the Company.

8.6 FICA and Other Taxes. Under present Federal income tax laws, no portion of a Participant's Deferrals hereunder will be includable in income for Federal income tax purposes during the period of deferral. FICA tax withholding, however, is required currently on the Compensation deferred hereunder. For each Plan Year in which a Deferral is being withheld, the Company shall ratably withhold from that portion of the Participant's Compensation that is not being deferred the Participant's share of FICA and other employment taxes as required. When any part of a Participant's Account Balance is actually paid to a Participant, such portion shall be includable in the Participant's income, and Federal, state and local income tax withholding will apply. The Company may make necessary arrangements in order to effectuate any such withholding, including

the mandatory withholding of shares of Company Stock which would otherwise be distributed to a Participant.

## ARTICLE IX

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### CLAIMS PROCEDURE

9.1 Written Claim. Benefits shall be paid in accordance with the provisions of this Plan. The Participant, or a designated Beneficiary or any other person claiming through the Participant shall make a written request for benefits under this Plan. This written claim shall be mailed or delivered to the Committee. Such claim shall be reviewed by the Committee or a delegate.

9.2 Denied Claim. If the claim is denied, in full or in part, the Committee shall provide a written notice within ninety (90) days setting forth the specific reasons for denial, and any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary, and appropriate information and explanation of the steps to be taken if a review of the denial is desired.

9.3 Review Procedure. If the claim is denied and a review is desired, the Participant (or Beneficiary) shall notify the Committee in writing within sixty (60) days after receipt of the written notice of denial. In requesting a review, the Participant or Beneficiary may request a review of pertinent documents with regard to the benefits created under this agreement, may submit any written issues and comments, may request an extension of time for such written submission of issues and comments, and may request that a hearing be held, but the decision to hold a hearing shall be within the sole discretion of the Committee.

9.4 Committee Review. The decision on the review of the denied claim shall be rendered by the Committee within sixty (60) days after the receipt of the request for review (if no hearing is held) or within sixty (60) days after the hearing if one is held. The decision shall be written and shall state the specific reasons for the decision including reference to specific provisions of this Plan on which the decision is based.

## ARTICLE X

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### NATURE OF COMPANY'S OBLIGATION

10.1 Company's Obligation. The Company's obligations under this Plan shall be an unfunded and unsecured promise to pay. The Company shall not be obligated under any circumstances to fund its financial obligations under this Plan.

10.2 Creditor Status. Any assets which the Company may acquire or set aside to help cover its financial liabilities are and must remain general assets of the Company subject to the claims of its creditors. Neither the Company nor this Plan gives a Participant or Beneficiary any beneficial ownership interest in any asset of the Company, which shall at all times remain subject to the claims of the Company's general creditors. In the event that the Company elects to invest funds to pay Account balances under the terms of this Plan, title to and beneficial ownership of such assets shall at all times remain with the Company.

10.3 Rabbi Trust. In order to meet its contingent obligations hereunder, the Company may, in its sole and absolute discretion, set aside or earmark funds in an amount, determined by the Committee, equal to the total amounts necessary to provide benefits under the Plan. Notwithstanding the foregoing, the Company, at the sole and absolute discretion of the Committee, may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations hereunder.

## ARTICLE XI

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## AMENDMENT AND TERMINATION

11.1 Prior to a Change in Control. The Company reserves the right to amend this Plan from time to time by action of the Board. No such action may reduce or relieve the Company of any obligation with respect to the balance of an Account maintained under this Plan with respect to a Participant (or Beneficiary) as of the date of such amendment, without the written consent of such affected Participant (or Beneficiary).

11.2 Change in Control. Upon the occurrence of a Change in Control, the Board may elect to terminate the Plan and distribute Account balances in accordance with this Article. After a Change in Control, the Company may amend this Plan solely for the purpose of ceasing Deferral Elections.

11.3 Termination. The Company, by action of the Board, reserves the right to prospectively terminate this Plan, provided the Company pays to each Participant and Beneficiary, the single-sum value of the Participant's Account (or of the Beneficiary's unpaid Death Benefit) as of the date of termination. Such payment will be paid as soon as administratively possible, but not later than 90 days following the date of termination.

## ARTICLE XII

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### MISCELLANEOUS PROVISIONS

12.1 Corporate Action. Any action required of or permitted by the Company under this Plan will be by resolution of its Board, the Committee or any person or persons authorized by resolution of the Committee.

12.2 Interests not Transferable. Except insofar as prohibited by applicable law, no sale, transfer, alienation, assignment, pledge, collateralization or attachment of any benefits under this Plan shall be valid or recognized by the Company. Neither the Participant, spouse, or designated Beneficiary shall have any power to hypothecate, mortgage, commute, modify, or otherwise encumber in advance any of the benefits payable hereunder, nor shall any of said benefits be subject to seizure for the payment of any debts, judgements, alimony maintenance, owed by the Participant or Beneficiary, or be transferable by operation of law in the event of bankruptcy, insolvency, or otherwise.

12.3 Effect on Other Benefit Plans. The treatment under other employee benefits plans maintained by the Company of amounts credited or paid under this Plan will be determined pursuant to the provisions of such plans.

12.4 Legal Fees and Expenses. After a Change in Control, the Company will pay all reasonable legal fees and expenses which the Participant or a Beneficiary may incur as a result of the Company's contesting the validity, enforceability, or the Participant's (or the Beneficiary's) interpretation of, or determinations made under, this Plan.

12.5 Right to Offset. Prior to a Change in Control, any amount owed to the Company by a Participant of whatever nature may be offset by the Company from the value of any benefit otherwise payable hereunder, and no benefit hereunder will be distributed to the Participant unless and until all disputes between the Company and the Participant have been fully and finally resolved and the Participant has waived all claims against the Company in a manner that is acceptable to the Committee in its sole and unrestricted discretion.

12.6 Deduction of Taxes from Amounts Payable.

(i) Distribution. The Company will deduct from the amount to be distributed such amount as the Company, in its sole discretion, deems proper to protect the Company against liability for the payment of death, succession, inheritance, income, or other taxes, and out of money so deducted, the Company may discharge any such liability and pay the amount remaining to the Participant, the Beneficiary or the deceased Participant's estate, as the case may be.

(ii) Withholding. No later than the date as of which an amount first becomes includible in the gross income of the Participant for Federal income tax purposes, Federal employment tax purposes, or for purposes of any other taxing authority with respect to any Account under the Plan, the Participant will pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, State, local or foreign taxes of anykind required by law to be withheld with respect to such

amount. The obligations of the Company under the Plan will be conditional on such payment or arrangements, and the Company and its affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Participant.

12.7 Facility of Payment. If a Participant or Beneficiary is declared an incompetent or is a minor and a conservator, guardian, or other person legally charged with his or her care has been appointed, any benefits to which such Participant or Beneficiary is entitled will be payable to such conservator, guardian, or other person legally charged with his or her care. The decision of the Committee in such matters will be final, binding, and conclusive upon the Company and upon each Participant, Beneficiary, and every other person or party interested or concerned. The Company and the Committee will not be under any duty to see to the proper application of such payments.

12.8 Merger. This Plan will be binding and enforceable with respect to the obligation of the Company against any successor to the Company by operation of law or by express assumption of the Plan, and such successor will be substituted hereunder for the Company.

12.9 Gender and Number. Except when the context indicates to the contrary, when used herein, masculine terms will be deemed to include the feminine, and singular the plural.

12.10 Invalidity of Certain Provisions. If any provision of this Plan will be held invalid or unenforceable, such invalidity or unenforceability will not affect any other provisions hereof and this Plan will be construed and enforced as if such provisions, to the extent invalid or unenforceable, had not been included.

12.11 Headings. The headings or articles are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text will control.

12.12 No Right to Employment. Neither the creation of this Plan nor anything contained herein will be construed as giving any Participant in this Plan any right to remain in the employ of the Company.

12.13 Notice and Information Requirements. Except as otherwise provided in this Plan or as otherwise required by law, the Company will have no duty or obligation to affirmatively disclose to any Participant or Beneficiary, nor will any Participant or Beneficiary have any right to be advised of, any material information regarding the Company.

12.14 Governing Law. This Plan will be governed by the laws of the State of Mississippi, without regard to the conflicts-of-law rules of such State, to the extent not preempted by the laws of the United States of America.

IN WITNESS WHEREOF, the Company has caused this Plan to be signed by its duly authorized officer, and adopted on the 10th day of November 2001.

THE PEOPLES HOLDING COMPANY

By:/s/ E. Robinson McGraw

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E. Robinson McGraw  
Title: President and CEO

THE PEOPLES HOLDING COMPANY  
DEFERRED COMPENSATION PLAN  
AMENDMENT NO. 1

Whereas, the Board of Directors of The Peoples Holding Company (the "Company") approved and adopted The Peoples Holding Company Deferred Compensation Plan, a nonqualified deferred compensation plan intended to provide for the deferral of compensation by key executives and officers of the Company, for the determination and crediting of gains and loss with respect to such deferred amounts with reference to \$5.00 par value voting common stock issued by the Company (the "Common Stock"), and for the distribution of benefits from such plan in the form of Common Stock, all first effective as of January 1, 2002 (the "Plan");

Whereas, the Company now desires to amend the Plan to specify the number of shares of Common Stock that may be issued under the Plan and to make other changes;

Now, Therefore, Be it Resolved, that the following Article 13 shall be added to the Plan to read in its entirety as follows:

Article 13  
General Provisions

13.1 Number of Shares. Subject to adjustment as provided herein, the number of shares of Common Stock that may be issued or distributed under the Plan, from time to time, shall not exceed 30,000 shares. Except as provided herein, the number of shares available for issuance or distribution hereunder shall be reduced by the number of shares actually issued or distributed, from time to time. Common Stock issued hereunder may be authorized and unissued shares or issued shares held as treasury shares or shares acquired on the open market or by private purchase.

13.2 Cancellation. Shares of Common Stock allocated to an account hereunder that are not issued or distributed as provided herein, whether on account of forfeiture, termination, expiration or otherwise, shall again be available for issuance or distribution hereunder.

13.3 Maximum Awards. Notwithstanding any provision of the Plan to the contrary, the following limitations shall apply to shares of Common Stock allocated to an account maintained hereunder or otherwise issued or distributed hereunder with respect to any year in which this Plan has not been approved by the shareholders of the Company: (i) the number of shares of Common Stock authorized for issuance with respect to such year shall not exceed 5% of outstanding shares, and (ii) with respect to all arrangements adopted without shareholder approval in any five-year period, the aggregate number of shares of Common Stock authorized under all such plans shall not exceed 10% of such shares. This section 13.3 shall be interpreted and construed by the Committee in a manner intended to comply with any limitations imposed by the American Stock Exchange or such other exchange or listing service as may be applicable to the Company, from time to time.

13.4 Adjustments. In the event that the Committee determines that any dividend or other distribution with respect to Common Stock, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event affects Common Stock allocated to an account maintained hereunder, such that an adjustment is necessary to prevent dilution or enlargement of the rights related to such stock, the Committee shall adjust any or all of the account balances maintained hereunder; provide for an equivalent credit to such accounts in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or make such additional award or adjustment as may be reasonably necessary to prevent dilution or enlargement hereunder.

13.5 Determination of Fair Market Value. Notwithstanding any provision of this Plan to the contrary, Fair Market Value shall be determined by the Committee in accordance with section 1.23 hereof; provided, however, that if the Committee determines that the closing price of a share of Common Stock does not fairly represent the value of such stock, then the Committee may determine that Fair Market Value thereunder shall be an average of such prices for a period immediately preceding the date on which such value is determined, not in excess of 20 consecutive trading days.

13.6 Allocation Date. Notwithstanding any provision of the Plan to the contrary, Shares of Common Stock credited to the account of a Participant herein shall be determined as of the last business day of each quarter by dividing (i) contributions made to the plan during such quarter, by (ii) the Fair Market Value of Common Stock as of such date.

This Amendment No. 1 was approved by the Board of Directors of the Company on November 19, 2002.

WITNESSES:

THE PEOPLES HOLDING COMPANY

/s/ Stuart Johnson

By: /s/ Hollis Ray Smith

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Stuart Johnson

Hollis Ray Smith

Its: Plan Administrator

/s/ Patsy Brandon

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Patsy Brandon

Date: December 4, 2002

December 20, 2002

The Peoples Holding Company  
209 Troy Street  
Tupelo, MS 38802

Re: The Peoples Holding Company  
Registration Statement on Form S-8  
2001 Long-Term Incentive Plan  
Deferred Compensation Plan

Ladies and Gentlemen:

We have acted as counsel to The Peoples Holding Company (the "Company") in connection with the preparation of the above-referenced Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission (the "Commission") with respect to the issuance by the Company of an aggregate of 280,000 shares of common stock, par value \$5.00 per share (the "Common Stock") pursuant to The Peoples Holding Company 2001 Long-Term Incentive Plan and the Deferred Compensation Plan. In so doing, we have examined and relied upon the original, or a photostatic or certified copy, of such records of the Company, certificates of officers of the Company and of public officials, and such other documents as we have deemed relevant and necessary as the basis for the opinion set forth below.

In such examination, we have assumed the genuineness of all signatures appearing on all documents, the legal capacity of all persons signing such documents, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies, the accuracy and completeness of all corporate records made available to us by the Company, and the truth and accuracy of all facts set forth in all certificates provided to or examined by us.

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that the Common Stock has been duly authorized, and, when issued in accordance with the terms of the Plans, will be validly issued, fully paid and nonassessable.

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

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

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

Very truly yours,

/s/ PHELPS DUNBAR LLP

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PHELPS DUNBAR LLP

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-XXXXX) pertaining to the The Peoples Holding Company 2001 Long-Term Incentive Plan and Deferred Compensation Plan, of our report dated January 28, 2002, 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, 2001, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

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Ernst & Young LLP

Memphis, Tennessee  
December 20, 2002