

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

THE PEOPLES HOLDING COMPANY
(Exact name of registrant as specified in its charter)

Mississippi
*(State or other
jurisdiction of incorporation
or organization)*

64-0676974
*(I.R.S. Employer
Identification Number)*

209 Troy Street
Tupelo, Mississippi, 38802-0709
(662) 680-1001
*(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)*

Plan Of Assumption, Heritage Financial Holding Corporation
Employee Stock Purchase Plan
(Full titles of the plans)

E. ROBINSON McGRAW
President and Chief Executive Officer
The Peoples Holding Company
209 Troy Street
Tupelo, Mississippi 38802-0709
(662) 680-1001
*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copy to:
JANE E. ARMSTRONG, ESQ.
Phelps Dunbar LLP
365 Canal St., Suite 2000
New Orleans, Louisiana 70130
(504) 584-9244

CALCULATION OF REGISTRATION FEE

Title of each Class of securities to be registered ⁽¹⁾⁽²⁾	Amount To be Registered	Proposed maximum offering price per unit ⁽¹⁾⁽²⁾⁽³⁾	Proposed maximum Aggregate offering price ⁽¹⁾⁽²⁾⁽³⁾	Amount of registration fee
Common Stock \$5.00 par value per share	5,000 Shares	\$32.62	\$163,100	\$19.20

⁽¹⁾ Consisting of 5,000 shares of the registrant's common stock to be issued under the Plan of Assumption, Heritage Financial Holding Corporation, Employee Stock Purchase Plan.

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

⁽³⁾ Estimated solely for purposes of calculating the amount of the registration fee, pursuant to Rule 457(h) of the 1933 Act, based upon the average of the high and low sales prices per share as reported on the American Stock Exchange on January 31, 2005.

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

EXPLANATORY STATEMENT

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

Part I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

*** Item 1. Plan Information.**

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

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

PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

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

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

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

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

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

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

Item 4. Description of Securities.

Not applicable.

Item 5. Interest of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

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

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

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

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

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

The MBCA further provides that a corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding. Also, a corporation may, before final disposition of a proceeding, advance funds to pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding because he is a director. The director must deliver to the corporation: (1) a written affirmation of his good faith belief that he has met the relevant standard of conduct described in the MBCA or that the proceeding involves conduct for which liability has been eliminated under a provision of the articles of incorporation as authorized by the MBCA; and (2) his written undertaking to repay any funds advanced if he is not entitled to mandatory indemnification under the MBCA and it is ultimately determined under the MBCA that he has not met the relevant standard of conduct described in the MBCA. The undertaking required must be an unlimited general obligation of the director. It need not be secured and may be accepted without reference to the financial ability of the director to make repayment.

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

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

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

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

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

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

- 4.1 Agreement and Plan of Merger, dated July 15, 2004, by and among The Peoples Holding Company, The Peoples Bank & Trust Company, Heritage Financial Holding Corporation and Heritage Bank, filed as Annex A-1 to the registrant's Registration Statement on Form S-4/A on November 23, 2004 and incorporated herein by reference, Commission File No. 333-119572.
- 4.2 Articles of Incorporation and Articles of amendment to Articles of Incorporation, filed as Exhibit 3.1 to The Peoples Holding Company's Registration Statement on Form S-4 filed on February 17, 1999, as amended, and incorporated herein by reference, Commission File No. 333-72507.
- 5 Opinion of Phelps Dunbar LLP as to the legality of the securities being registered hereunder.
- 23.1 Consent of Ernst & Young LLP.
- 23.2 Consent of Phelps Dunbar LLP, included in Exhibit 5 hereto.
- 24.1 Power of Attorney, included in the signature pages hereunder.
- 99.1 Plan of Assumption, Heritage Financial Holding Corporation, Employee Stock Purchase Plan.
- 99.2 Heritage Financial Holding Corporation, Employee Stock Purchase Plan, filed as Exhibit (4)-2 to the Heritage Financial Holding Corporation Registration Statement on Form S-8 filed on February 20, 2001 and incorporated herein by reference, Commission File No. 333-55942.

Item 9. Undertakings.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the 1933 Act;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement; and
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

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

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

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

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

SIGNATURES

Pursuant to the requirements of the 1933 Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tupelo, State of Mississippi, on this 18th day of January, 2005.

THE PEOPLES HOLDING COMPANY

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

POWER OF ATTORNEY

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

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ E. Robinson McGraw</u> E. Robinson McGraw	President and Chief Executive Officer and Director (Principal Executive Officer)	January 18, 2005
<u>/s/ Stuart R. Johnson</u> Stuart R. Johnson	Chief Financial Officer (Principal Financial and Accounting Officer)	January 18, 2005
<u>/s/ William M. Beasley</u> William M. Beasley	Director	January 18, 2005

/s/ George H. Booth, II	Director	January 18, 2005
George H. Booth, II		
/s/ Frank B. Brooks	Director	January 18, 2005
Frank B. Brooks		
/s/ Francis J. Cianciola	Director	January 18, 2005
Francis J. Cianciola		
/s/ John M. Creekmore	Director	January 18, 2005
John M. Creekmore		
/s/ Marshall H. Dickerson	Director	January 18, 2005
Marshall H. Dickerson		
/s/ John T. Foy	Director	January 18, 2005
John T. Foy		
/s/ Eugene B. Gifford, Jr.	Director	January 18, 2005
Eugene B. Gifford, Jr.		
/s/ Richard L. Heyer, Jr.	Director	January 18, 2005
Richard L. Heyer, Jr.		
/s/ Neal A. Holland	Director	January 18, 2005
Neal A. Holland		
/s/ Harold Jeffreys	Director	January 18, 2005
Harold Jeffreys		
	Director	January 18, 2005
Jack C. Johnson		
/s/ Robert C. Leake	Director	January 18, 2005
Robert C. Leake		

/s/ J. Niles McNeel	Director	January 18, 2005
J. Niles McNeel		
/s/ C. Larry Michael	Director	January 18, 2005
C. Larry Michael		
/s/ Theodore S. Moll	Director	January 18, 2005
Theodore S. Moll		
/s/ John W. Smith	Director	January 18, 2005
John W. Smith		
/s/ H. Joe Truelove	Director	January 18, 2005
H. Joe Truelove		
/s/ J. Larry Young	Director	January 18, 2005
J. Larry Young		

EXHIBIT INDEX

Exhibit Number	Document Description
4.1	Agreement and Plan of Merger, dated July 15, 2004, by and among The Peoples Holding Company, The Peoples Bank & Trust Company, Heritage Financial Holding Corporation and Heritage Bank, filed as Annex A-1 to the registrant's Registration Statement on Form S-4/A on November 23, 2004 and incorporated herein by reference, Commission File No. 333-119572.
4.2	Articles of Incorporation and Articles of amendment to Articles of Incorporation, filed as Exhibit 3.1 to The Peoples Holding Company's Registration Statement on Form S-4 filed on February 17, 1999, as amended, and incorporated herein by reference, Commission File No. 333-72507.
5	Opinion of Phelps Dunbar LLP as to the legality of the securities being registered hereunder.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Phelps Dunbar LLP, included in Exhibit 5 hereto.
24.1	Power of Attorney, included in the signature pages hereunder.
99.1	Plan of Assumption, Heritage Financial Holding Corporation, Employee Stock Purchase Plan.
99.2	Heritage Financial Holding Corporation, Employee Stock Purchase Plan, filed as Exhibit (4)-2 to the Heritage Financial Holding Corporation Registration Statement on Form S-8 filed on February 20, 2001 and incorporated herein by reference, Commission File No. 333-55942.

[Letterhead of Phelps Dunbar LLP]

February 1, 2005

The Peoples Holding Company
209 Troy Street
Tupelo, Mississippi 38802

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

Ladies and Gentlemen:

We have acted as counsel to The Peoples Holding Company (the "Company") in connection with the preparation of the above-referenced Registration Statement on Form S-8 filed by the Company with the Securities and Exchange Commission (the "Commission") with respect to the Company's assumption of certain purchase rights under the Heritage Financial Holding Corporation ("Heritage") Employee Stock Purchase Plan, which was assumed by the Company in connection with the merger of Heritage with and into the Company and the merger of Heritage Bank with and into The Peoples Bank & Trust Company, each effective as of January 1, 2005 (the "Assumed Purchase Rights") and the issuance of an aggregate of 5,000 shares of the Company's \$5.00 par value common stock (the "Common Stock") in connection with the exercise of the Assumed Purchase Rights.

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

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

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

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

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

Very truly yours,

/s/ PHELPS DUNBAR LLP

**CONSENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

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

Ernst & Young LLP

Birmingham, Alabama
February 1, 2005

THE PEOPLES HOLDING COMPANY
PLAN OF ASSUMPTION
HERITAGE FINANCIAL HOLDING CORPORATION
EMPLOYEE STOCK PURCHASE PLAN

THIS PLAN OF ASSUMPTION (the “Plan”) was adopted by the Board of Directors of The Peoples Holding Company (the “Company”) pursuant to that certain Agreement and Plan of Merger between the Company, The Peoples Bank & Trust Company, Heritage Financial Holding Corporation (“Heritage”) and Heritage Bank, such agreement dated July 15, 2004, and effective as of January 1, 2005 (the “Merger Agreement”), under which the Company agreed to assume the rights and obligations of the Heritage Financial Holding Corporation Employee Stock Purchase Plan (the “Predecessor Plan”);

1. Administration:

This Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the “Committee”), who shall possess the power and authority granted under Section 4 of the Predecessor Plan, subject to the limitations set forth herein.

Without the requirement of additional action, the Committee shall be deemed to have delegated the following administrative duties to the appropriate officers or employees of the Company: (a) the preparation and issuance of such documents, if any, as may be necessary to evidence the Assumed Purchase Rights (as defined below), and (b) the authority to issue shares of Common Stock (as defined below) in connection with the exercise of such Assumed Purchase Rights at the end of the Current Offering Period (as defined below). The Committee may, from time to time, delegate such additional administrative duties as they may deem necessary or appropriate.

2. Shares of Common Stock Reserved For Issuance:

2.1 Number and Type of Shares. Subject to adjustment as provided in Section 2.2 hereof, the number of shares of the Company’s \$5.00 par value voting common stock (the “Common Stock”) that may be issued hereunder shall not exceed 5,000 shares. Common Stock issued hereunder may be authorized and unissued shares or issued shares held as treasury shares or shares acquired on the open market or through private purchase.

2.2 Adjustment. In the event of a merger, consolidation or reorganization of the Company, there shall be substituted for each share of Common Stock then subject to this Plan the number and kind of shares of stock or other securities to which the holders of Common Stock are entitled in such transaction. In the event of any recapitalization, stock dividend, stock split, combination of shares or other change in the number of shares of Common Stock then outstanding for which the Company does not receive consideration, the number of shares of Common Stock then subject to the Plan shall be adjusted in proportion to the change in

outstanding shares of Common Stock. In the event of any such event, the purchase price of any Assumed Purchase Rights and the shares of Common Stock issuable pursuant to any such assumed right shall be adjusted to the extent necessary to prevent the dilution or enlargement of such right.

3. Assumed Purchase Rights:

3.1 Definitions. The term “Assumed Purchase Right” shall mean a right to purchase Common Stock at the end of the Current Offering Period, which right shall be determined in accordance with the terms of the Predecessor Plan, subject to modification as provided herein. The “Current Offering Period” shall be the last Offering Period (as defined in the Predecessor Plan) that commenced during the 2004 calendar year; there shall be no further Offering Periods under the Plan.

3.2 Number of Rights. The number of Assumed Purchase Rights available under this Plan shall be those purchase rights outstanding under the Predecessor Plan as of the last day of the Current Offering Period, adjusted as provided in Section 3.3 hereof. Subject to adjustment as provided in Section 2.2 hereof, no additional Assumed Purchase Rights or other rights to acquire Common Stock shall be available under the Plan.

3.2 Terms. Except as expressly provided herein, the terms and conditions applicable to the Assumed Purchase Rights and all matters incident thereto shall be those set forth under the terms of the Predecessor Plan, except that:

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

4. General Provisions:

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

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

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

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

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

4.6 Construction. The Plan is intended to constitute an employee stock purchase plan within the meaning of Code Section 423. The Plan is further intended to constitute the assumption of the Predecessor Plan in accordance with the terms of the Merger Agreement and, except as expressly provided herein, is not intended to enlarge or otherwise modify the rights of any person under the Predecessor Plan. This Plan and the Assumed Purchase Rights hereunder are not intended to provide for a deferral of compensation within the meaning of Code Section 409A, and is intended to be This Plan and any action taken by the Committee or any person in connection with the Plan shall be interpreted and construed in a manner consistent with the provisions of this Section 4.6.

THIS PLAN was approved by the Board of Directors of The Peoples Holding Company on January 18, 2005.

The Peoples Holding Company

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