UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

() Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Insturction 1(b) OMB APPROVAL OMB Number: 3235-0287 Expires: January 31, 2005 Estimated average burden hours per response....0.5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name (Last, First Middle) and Address of Reporting Person*

Gray, James W. 4630 Ridgemoor Drive Belden, MS 38826

2. Issuer Name and Ticker or Trading Symbol

The Peoples Holding Company (PHC)

3. IRS Identification Number of Reporting Person, if an entity (Voluntary)

###-##-####

4. Statement for Month/Day/Year

January 1, 2003

5. If Amendment, Date of Original (Month/Day/Year)

6. Relationship of Reporting Person(s) to Issuer (Check all applicable)

() Director () 10% Owner (X) Officer (give title below) () Other (specify below)

Executive Vice President

7. Individual or Joint/Group Filing (Check Applicable Line)

 (X) Form filed by One Reporting Person
 () Form filed by More than One Reporting Person

 Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

+	+	-+	.++	+		+-		++	+
1. Title of	2. Trans-	2a.Deemed	3. Trans-	4.Securit:	ies Acquired	I(A) 5	. Amount of	6.Owner-	7. Nature of
Security	action	Execution	action	or Disp	osed of (D)		Securities	ship	Indirect
	Date	Date, if	Code	(Instr.:	3,4 and 5)	Í	Beneficially	Form:	Bene-
(Instr.3)		any	(Instr.8)			Í	Owned Follow-	Direct	ficial
j		1	+	+			ing Reported	(D) or	Owner-
							Transaction	Indirect	ship
					(A)or		(s)(Instr.3	(I)	
	(Mo/Dy/Yr)	(Mo/Dy/Yr)	Code V	Amount	(D)	Price	and 4)	(Instr.4)	(Instr.4)
	+	+	+	+	+ +		+	+	-+

Reminder: Report on a separate line for each class of securities benefically owned directly or indirectly.

*If the form is filed by more than one reporting person, see Instruction 4(b)(v).

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FORM 4 (Continued)

TABLE II - - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities) 3A.Deemed 1. Title of Derivative 2. Convers-3. Trans- | 4. Transact-5. Number of 6. Date Exercisable Security ion or action Execution ion Code Derivative and Expiration (Instr.3) Exercise Date Date, if (Instr.8) Securities Date Price of any Acquired (A) or| (Month/Day/Year) Derivative Disposed of Security (D)(Instr. 3,4, and 5) -| Date Exer-| Expira-|(Mo/Dy/Yr) | (Mo/Dy/Yr) | Code | V | (A) | (D) | cisable | tion Date| |Employee Stock Option (Right | I Т Т 1

to buy)	\$35.20	01/01/2002	A V	3,500	(1) (1)
 Employee Stock Option (Right					
to buy)	\$42.23	01/01/2003	i a i v	1 -/ 1	

<pre>+ 7. Title and Amount of Underlying Securities (Instr. 3 and 4) + </pre>		<pre> 8. Price of Deriv- ative Security (Instr.5) -+</pre>	9. Number of Deriv- ative Securities Beneficially Owned Following	10. Ownership Form of Derivative Security: Direct(D) or	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Title 	Amount or Number of Shares	 	Reported Transaction(s) (Instr.4)	Indirect (I) (Instr.4)	(1.50.1.4)
Common Stock	3,500	1	1	D	! !
 Common Stock +	 3,500 -+	 -+	 7,000 -+	 D	 ++

Explanation of Responses:

(1) Equal installments of 33 1/3 % of the option shares granted will become exercisable on the completion of one, two and three years of service measured from the grant date, respectively. These options expire ten (10) years from the grant date.

/s/ James W. Gray

January 2, 2003

Date

**Signature of Reporting Person

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.