

TRUSTMARK CORP

FORM 10-K (Annual Report)

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Sector	Technology
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

T ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2007

or

£ TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-3683



TRUSTMARK CORPORATION

(Exact name of Registrant as specified in its charter)

MISSISSIPPI

(State or other jurisdiction of incorporation or organization)

64-0471500

(IRS Employer Identification Number)

248 East Capitol Street, Jackson, Mississippi

(Address of principal executive offices)

39201

(Zip Code)

Registrant's telephone number, including area code:

(601) 208-5111

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, no par value

(Title of Class)

NASDAQ Stock Market

(Name of Exchange on Which Registered)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes **T** No **£**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes **£** No **T**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes **T** No **£**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **£**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer **T**

Accelerated filer **£**

Non-accelerated filer **£**

Smaller reporting company **£**

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes **£** No **T**

Based on the closing sales price at June 30, 2007, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the shares of common stock held by nonaffiliates of the registrant was approximately \$1.265 billion.

As of January 31, 2008, there were issued and outstanding 57,272,408 shares of the registrant's Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference to Parts I, II and III of the Form 10-K report: (1) Trustmark's 2007 Annual Report to Shareholders (Parts I and II), and (2) Proxy Statement for Trustmark's 2008 Annual Meeting of Shareholders to be held May 13, 2008

TRUSTMARK CORPORATION

FORM 10-K

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PART I

ITEM 1. BUSINESS

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 10-K are not statements of historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements relating to anticipated future operating and financial performance measures, including net interest margin, credit quality, business initiatives, growth opportunities and growth rates, among other things and encompass any estimate, prediction, expectation, projection, opinion, anticipation, outlook or statement of belief included therein as well as the management assumptions underlying these forward-looking statements. Should one or more of these risks materialize, or should any such underlying assumptions prove to be significantly different, actual results may vary significantly from those anticipated, estimated, projected or expected.

These risks could cause actual results to differ materially from current expectations of Management and include, but are not limited to, changes in the level of nonperforming assets and charge-offs, local, state and national economic and market conditions, material changes in market interest rates, the costs and effects of litigation and of unexpected or adverse outcomes in such litigation, competition in loan and deposit pricing, as well as the entry of new competitors into our markets through de novo expansion and acquisitions, changes in existing regulations or the adoption of new regulations, natural disasters, acts of war or terrorism, changes in consumer spending, borrowings and savings habits, technological changes, changes in the financial performance or condition of Trustmark's borrowers, the ability to control expenses, changes in Trustmark's compensation and benefit plans, greater than expected costs or difficulties related to the integration of new products and lines of business and other risks described in Trustmark's filings with the Securities and Exchange Commission.

Although Management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Trustmark undertakes no obligation to update or revise any of this information, whether as the result of new information, future events or developments or otherwise.

GENERAL

Trustmark is a multi-bank holding company headquartered in Jackson, Mississippi, incorporated under the Mississippi Business Corporation Act on August 5, 1968. Trustmark commenced doing business in November 1968. Through its subsidiaries, Trustmark operates as a financial services organization providing banking and financial solutions to corporate, institutional and individual customers predominantly within the states of Florida, Mississippi, Tennessee and Texas.

Trustmark National Bank (TNB), Trustmark's wholly-owned subsidiary, accounts for approximately 98% of the assets and revenues of Trustmark. Chartered by the state of Mississippi in 1889, TNB is also headquartered in Jackson, Mississippi. In addition to banking activities, TNB provides investment and insurance products and services to its customers through its wholly-owned subsidiaries, Trustmark Securities, Inc. (TSI), Trustmark Investment Advisors, Inc. (TIA), The Bottrell Insurance Agency, Inc. (Bottrell), TRMK Risk Management, Inc. (TRMI) and Fisher-Brown, Incorporated (Fisher-Brown).

Trustmark also engages in banking activities through its wholly-owned subsidiary, Somerville Bank & Trust Company (Somerville), headquartered in Somerville, Tennessee. Somerville presently has five locations in Somerville, Hickory Withe and Rossville, Tennessee. In order to facilitate a private placement of trust preferred securities, Trustmark formed a wholly-owned Delaware trust affiliate, Trustmark Preferred Capital Trust I. Also, as a result of the acquisition of Republic Bancshares of Texas, Inc. (Republic), Trustmark now owns Republic Bancshares Capital Trust I, also a Delaware trust affiliate. Trustmark also owns all of the stock of F. S. Corporation and First Building Corporation, both inactive nonbank Mississippi corporations.

Segments

Trustmark's management reporting structure includes four segments: general banking, wealth management, insurance and administration. General banking is responsible for all traditional banking products and services, including loans and deposits. Wealth management provides customized solutions for affluent customers by integrating financial services with traditional banking products and services such as private banking, money management, full-service brokerage, financial planning, personal and institutional trust and retirement services, as well as, certain insurance and risk management services. The insurance division provides a full range of retail insurance products, including commercial risk management products, bonding, group benefits and personal lines coverages. Administration includes all other activities that are not directly attributable to one of the major lines of business. Please see the following discussion of Trustmark's segments for more information on their products and services, as well as their composition by business unit.

General Banking Division

The General Banking Division is responsible for all traditional banking products and services, including loans and deposits. Management of the General Banking Division is primarily coordinated through the Retail Banking Group, Corporate Group, Customer Support Group and Mortgage Banking.

The Retail Banking Group provides a full range of consumer banking services, including checking accounts, savings programs, overdraft facilities, installment and real estate loans, home equity loans and lines of credit, drive-in and night deposit services and safe deposit facilities for Trustmark's retail offices in Florida, Mississippi, Tennessee and Texas. Customers may access automated teller machines (ATM) through Trustmark's network of 196 ATMs in 196 locations in Florida, Mississippi, Tennessee and Texas, in addition to worldwide access through other ATM networks such as Plus, Pulse and Cirrus. Customers may also utilize services through our Dealers Services Group, Credit Card Center, and Student Loans business units. The Dealer Services Group coordinates the underwriting and funding for indirect automobile loans from a network of dealers throughout the Southeast.

The Corporate Group includes Corporate Lending, Corporate and Residential Real Estate, Correspondent Banking, Public Services and Corporate Services. Through these business units, the Corporate Group offers specialized lending for a variety of customers, financing for commercial real estate development projects, residential real estate financing for builders, developers and individuals, financing services for public entities and cash management products to existing corporate customers and prospects, as well as the development of Internet banking for business clients.

The Customer Support Group provides support to the wide variety of lines of business within the bank and to the geographies in which products and services are delivered. Business units within this group include Lending Services, Relationship Management, Marketing, Delivery Services, Knowledge Management, Bank Operations, Bank Properties Management and Risk Management. Lending Services encompass the management of underwriting for small business and consumer loans, central document loan preparation, loan operations, government loan administration and underwriting and sales of all credit card and non-card revolving credit products. Relationship Management implements and maintains sales and services training and product management. Marketing assists all lines of business within Trustmark through the coordination of product development, development of sales campaigns and assisting market managers by providing research and market analytics to aid in customer calling efforts. Delivery Services manages self-service customer products such as TrustTouchWeb and TrustNetWeb; Trustmark's Internet banking products for personal and business use. Delivery Services also provides data processing support for all areas of the bank through computer operations, applications support and technical services. Knowledge Management coordinates associate development by managing Trustmark's Corporate University, which offers both traditional classroom and on-line courses to deliver knowledge and skills to Trustmark associates. Bank Operations includes backroom support from Proof, Account Processing and ACH Operations as well as offering products and services such as Wire Transfers and Trustmark Express Check. Bank Properties Management provides facilities management to bank buildings as well as corporate security. Risk Management provides the administration of Trustmark's lending policies as well as the oversight of audit, legal and compliance responsibilities for Trustmark as a whole.

The Mortgage Banking Group provides a full complement of mortgage products through Production, Secondary Marketing and Loan Servicing working units. The Production unit is comprised of both a retail and wholesale production network. The retail production network assists individual banking customers through the origination and processing phases of mortgage application, while the wholesale production network handles the funding and insuring of loans originated through correspondent relationships. Underwriting and documentation are also handled in Production. Secondary Marketing is the process of bundling packages of mortgage loans for sale in the secondary market. Also included in this process are hedging and pricing activities which allow Trustmark to more successfully manage the interest rate and market risk associated with this activity. Loan Servicing is a significant line of business for Trustmark involving the retention of servicing rights associated with individual loans. As such, Trustmark remains the processor of payment for customers' mortgages and retains a fee for the services rendered. Specific duties include Investor/Cash Management, Escrow Processing and Default Management.

Wealth Management Division

Trustmark's Wealth Management Division has been strategically organized to serve our customers as a financial partner providing reliable guidance and sound, practical advice for accumulating, preserving, and transferring wealth. This division specializes in providing customized solutions for affluent customers by integrating financial services with traditional banking products and services. Wealth Management manages and administers over \$8.5 billion in client assets by providing services such as private banking, money management, full-service brokerage, financial planning, risk management, personal and institutional trust, and retirement plan services.

Several wholly-owned subsidiaries of Trustmark National Bank are included in Wealth Management. Trustmark Investment Advisors, Inc. is a registered investment adviser that provides investment management services to individual and institutional accounts as well as The Performance Fund Family of Mutual Funds. TRMK Risk Management, Inc. acts as an agent to provide life, long term care and disability insurance services for Wealth Management clients. Trustmark provides retail brokerage services through LPL Financial Institution Services (formerly UVEST), which is a registered broker-dealer and member of the National Association of Securities Dealers, as well as the Securities Investor Protection Corporation

Insurance Division

Trustmark's Insurance Division includes two wholly-owned subsidiaries of TNB: Bottrell and Fisher-Brown. Through Bottrell, Trustmark provides a full range of retail insurance products, including commercial risk management products, bonding, group benefits and personal lines coverages as well as school, medical malpractice and mid-market business insurance. In December 2004, Trustmark continued to expand its insurance services, as well as its presence in the Florida Panhandle, with the acquisition of Fisher-Brown, Northwest Florida's leading insurance agency headquartered in Pensacola, with offices in Pace, Fort Walton, Destin and Panama City. Fisher-Brown operates as a full-service insurance agency, selling a broad spectrum of insurance to businesses and individuals. Fisher-Brown's approach is one of total risk management, encompassing the areas of property and liability insurance, automotive insurance, worker's compensation, professional liability, group accident and health insurance, life insurance, contract surety bonds and personal insurance.

Administration Division

Trustmark's Administration Division includes all other activities that are not directly attributable to one of the major lines of business. The Administration Division consists of internal operations such as Human Resources, Executive Administration, Treasury (Funds Management), Sponsorships/Donations and Corporate Finance. Business units include Treasury Administration, Controller's Division, Public Affairs, Employee Relations, Employee Benefits, HR Information Systems, Compensation, Payroll and Non-Allocated Administration. Included in the Non-Allocated Administration unit are expenses related to mergers, hurricane relief, mark to market adjustments on loans and deposits, general incentives, stock options and amortization of core deposits. These business units are support-based in nature and are largely responsible for general overhead expenditures that are not allocated to the other segments.

The Administration Division also includes the supervision of Trustmark's Grand Cayman branch. In August 2006, TNB was granted a Class B banking license from the Cayman Islands Monetary Authority and established a branch in the Cayman Islands through an agent bank. The branch was established as a mechanism to attract dollar denominated foreign deposits (i.e. Eurodollars) as an additional source of funding. At December 31, 2007, Trustmark had no Eurodollar deposits outstanding, however, as much as \$40.0 million in Eurodollar deposits were utilized during 2007.

Additional information on Trustmark's segments can be found in Note 19, "Segment Information," included in Trustmark's 2007 Annual Report to Shareholders and is incorporated herein by reference

Available Information

Trustmark's internet address is www.trustmark.com. Trustmark makes available through this address, free of charge, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such material is electronically filed, or furnished to, the Securities and Exchange Commission (SEC).

Business Combinations

On August 25, 2006, Trustmark completed its merger with Houston-based Republic Bancshares of Texas, Inc. in a business combination accounted for by the purchase method of accounting. Trustmark purchased all the outstanding common and preferred shares of Republic for approximately \$205.3 million. The purchase price includes approximately 3.3 million in common shares of Trustmark valued at \$103.8 million, \$100.0 million in cash and \$1.5 million in acquisition-related costs. The purchase price allocations are final. Excess costs over tangible net assets acquired totaled \$173.8 million, of which \$19.3 million has been allocated to core deposits, \$690 thousand to borrower relationships and \$153.8 million to goodwill.

Competition

There is significant competition among commercial banks in Trustmark's market areas. Changes in regulations, technology and product delivery systems have resulted in an increasingly competitive environment. Trustmark and its subsidiaries compete with other local, regional and national providers of banking, investment and insurance products and services such as other bank holding companies, commercial and state banks, savings and loan associations, consumer finance companies, mortgage companies, insurance agencies, brokerage firms, credit unions and financial service operations of major retailers. Trustmark competes in its markets by offering quality and innovative products and services at competitive prices. Within Trustmark's market area, none of the competitors are dominant.

SUPERVISION AND REGULATION

The following discussion sets forth certain material elements of the regulatory framework applicable to bank holding companies and their subsidiaries and provides certain specific information relevant to Trustmark. The discussion is qualified in its entirety by reference to the full text of statutes, regulations and policies that are described. Also, such statutes, regulations and policies are continually under the review of Congress and state legislatures as well as federal and state regulatory agencies. A change in statutes, regulations or regulatory policies could have a material impact on the business of Trustmark and its subsidiaries.

General

Trustmark is a registered bank holding company under the Bank Holding Company Act (BHC) of 1956, as amended. As such, Trustmark and its nonbank subsidiaries are subject to the supervision, examination and reporting requirements of the BHC Act and the regulations of the Federal Reserve Board. In addition, as part of Federal Reserve policy, a bank holding company is expected to act as a source of financial and managerial strength to subsidiary banks and to maintain resources adequate to support each subsidiary bank. The BHC Act requires every bank holding company to obtain the prior approval of the Federal Reserve before: (i) it may acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, the bank holding company will directly or indirectly own or control more than 5.0% of the voting shares of the bank; (ii) it or any of its subsidiaries, other than a bank, may acquire all or substantially all of the assets of any bank; or (iii) it may merge or consolidate with any other bank holding company.

The BHC Act further provides that the Federal Reserve may not approve any transaction that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any section of the United States, or the effect of which may be substantially to lessen competition or to tend to create a monopoly in any section of the country, or that in any other manner would be in restraint of trade, unless the anticompetitive effects of the proposed transaction are clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks concerned and the convenience and needs of the community to be served. Consideration of financial resources generally focuses on capital adequacy, and consideration of convenience and needs issues includes the parties' performance under the Community Reinvestment Act of 1977.

The BHC Act, as amended by the interstate banking provisions of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 repealed the prior statutory restrictions on interstate acquisitions of banks by bank holding companies, such that Trustmark may now acquire a bank located in any other state, regardless of state law to the contrary, subject to certain deposit-percentage, aging requirements, and other restrictions. The Interstate Bank Branching Act also generally provided that, after June 1, 1997, national and state-chartered banks may branch interstate through acquisitions of banks in other states.

In addition, bank holding companies generally may engage, directly or indirectly, only in banking and such other activities as are determined by the Federal Reserve Board to be closely related to banking. Trustmark is also subject to regulation by the State of Mississippi under its general business corporation laws. In addition to the impact of regulation, Trustmark and its subsidiaries may be affected by legislation which can change banking statutes in substantial and unexpected ways, and by the actions of the Federal Reserve Board as it attempts to control the money supply and credit availability in order to influence the economy.

TNB is a national banking association and, as such, is subject to regulation by the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board. Almost every area of the operations and financial condition of TNB is subject to extensive regulation and supervision and to various requirements and restrictions under federal and state law including loans, reserves, investments, issuance of securities, establishment of branches, capital adequacy, liquidity, earnings, dividends, management practices and the provision of services. Somerville is a state-chartered commercial bank, subject to regulation primarily by the FDIC and secondarily by the Tennessee Department of Financial Institutions.

TNB's nonbanking subsidiaries are subject to a variety of state and federal laws. TIA, a registered investment advisor, is subject to supervision and regulation by the SEC and the state of Mississippi. Bottrell, Fisher-Brown and TRMI are subject to the insurance laws and regulations of the states in which they are active. The Federal Reserve Board supervises Trustmark's nonbanking subsidiaries.

Trustmark is also under the jurisdiction of the SEC for matters relating to the offering and sale of its securities. Trustmark is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, as administered by the SEC.

The Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (Act) was signed into law on November 12, 1999. As a result of the Act, banks are able to offer customers a wide range of financial products and services without the restraints of previous legislation. In addition, bank holding companies and other financial services providers have been able to commence new activities and develop new affiliations much more readily. The primary provisions of the Act related to the establishment of financial holding companies and financial subsidiaries became effective on March 11, 2000. The Act authorizes national banks to own or control a "financial subsidiary" that engages in activities that are not permissible for national banks to engage in directly. The Act contains a number of provisions dealing with insurance activities by bank subsidiaries. Generally, the Act affirms the role of the states in regulating insurance activities, including the insurance activities of financial subsidiaries of banks, but the Act also preempts certain state laws. As a result of the Act, TNB elected for Bottrell, Fisher-Brown and TRMI to become financial subsidiaries. This enables TNB to engage in insurance agency activities at any location.

The Act also imposed new requirements related to the privacy of customer financial information. In accordance with the Act, federal banking regulators adopted rules that limit the ability of banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a nonaffiliated third party. The privacy provisions of the Act affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors. Trustmark has complied with these requirements and recognizes the need for its customers' privacy.

Anti-Money Laundering Initiatives and the USA Patriot Act

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the USA Patriot Act) substantially broadened the scope of United States anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The United States Treasury Department has issued a number of implementing regulations that apply to various requirements of the USA Patriot Act to financial institutions such as Trustmark's bank and broker-dealer subsidiaries. These regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal consequences for the institution.

Capital Adequacy

Banks and bank holding companies are subject to various regulatory capital requirements administered by state and federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weighting and other factors.

The Federal Reserve Board and the OCC, the primary regulators of Trustmark and TNB, respectively, have substantially similar risk-based capital ratio and leverage ratio guidelines for banking organizations. Under the guidelines, banking organizations are required to maintain minimum ratios for Tier 1 capital and total capital to risk-weighted assets. For purposes of calculating these ratios, a banking organization's assets and some of its specified off-balance sheet commitments and obligations are assigned to various risk categories. Capital, at both the holding company and bank level, is classified in one of three tiers depending on type. Core capital (Tier 1) for both Trustmark and TNB includes common equity, with the impact of accumulated other comprehensive income eliminated plus allowable trust preferred securities less goodwill, other identifiable intangible assets and disallowed servicing assets. Supplementary capital (Tier 2) includes the allowance for loan losses, subject to certain limitations, as well as allowable subordinated debt. Market risk capital (Tier 3) includes qualifying unsecured subordinated debt. Total capital for both Trustmark and TNB is a combination of Tier 1 and Tier 2 capital.

Trustmark and TNB are required to maintain Tier 1 and total capital equal to at least 4% and 8% of their total risk-weighted assets, respectively. At December 31, 2007, Trustmark exceeded both requirements with Tier 1 capital and total capital equal to 9.17% and 10.93% of its total risk-weighted assets, respectively. At December 31, 2007, TNB also exceeded both requirements with Tier 1 capital and total capital equal to 9.05% and 10.75% of its total risk-weighted assets, respectively. Somerville is not discussed in this section, as it is not a significant subsidiary as defined by the SEC.

The Federal Reserve Board also requires bank holding companies to maintain a minimum leverage ratio. The guidelines provide for a minimum leverage ratio of 3% for banks and bank holding companies that meet certain specified criteria, including having the highest regulatory rating or have implemented the appropriate federal regulatory authority's risk-adjusted measure for market risk. All other holding companies and national banks are required to maintain a minimum leverage ratio of 4%, unless an appropriate regulatory authority specifies a different minimum ratio. For TNB to be considered well capitalized under the regulatory framework for prompt corrective action, its leverage ratio must be at least 5%. At December 31, 2007, the leverage ratios for Trustmark and TNB were 7.86% and 7.79%, respectively. For additional information, please refer to Note 16, "Shareholders' Equity," included in Trustmark Corporation's 2007 Annual Report to Shareholders.

Failure to meet minimum capital requirements could subject a bank to a variety of enforcement remedies. The Federal Deposit Insurance Act, as amended, (FDIA), identifies five capital categories for insured depository institutions. These include well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. FDIA requires banking regulators to take prompt corrective action whenever financial institutions do not meet minimum capital requirements. Failure to meet the capital guidelines could also subject a depository institution to capital raising requirements. In addition, a depository institution is generally prohibited from making capital distributions, including paying dividends, or paying management fees to a holding company if the institution would thereafter be undercapitalized. As of December 31, 2007, the most recent notification from the OCC categorized TNB as well capitalized based on the ratios and guidelines described above.

The U.S. banking agencies have adopted a final rule implementing a new risk-based regulatory capital framework that is mandatory for some U.S. Banks and optional for others. In November 2007, the agencies adopted a definitive final rule for implementing Basel II in the United States that would apply only to internationally active banking organizations defined as those with consolidated total assets of \$250 billion or more or consolidated on-balance sheet foreign exposures of \$10 billion or more. The final rule will be effective April 1, 2008. Based on its assets size and lack of on-balance sheet foreign exposures, Trustmark is not required to comply with Basel II at this time.

Payment of Dividends and Other Restrictions

There are various legal and regulatory provisions which limit the amount of dividends TNB can pay to Trustmark without regulatory approval. Approval of the OCC is required if the total of all dividends declared in any calendar year exceeds the total of its net income for that year combined with its retained net income from the preceding two years. TNB will have available in 2008 approximately \$51.9 million plus its net income for that year to pay as dividends. In addition, subsidiary banks of a bank holding company are subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to the bank holding company or any of its subsidiaries. Further, subsidiary banks of a bank holding company are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit, lease or sale of property or furnishing of any services to the bank holding company.

FDIC Insurance Assessments

The deposits of TNB are insured up to regulatory limits set by the Deposit Insurance Fund (DIF) and, accordingly, are subject to deposit insurance assessments to maintain the DIF. The FDIC utilizes a risk-based assessment system that imposes insurance premiums based upon a risk matrix that takes into account a bank's capital level and supervisory rating (CAMELS). As of January 1, 2007, the previous nine risk categories utilized in the risk matrix were condensed into four risk categories which continue to be distinguished by capital levels and supervisory ratings. For Risk Category 1 institutions (generally those institutions with less than \$10 billion in assets) including TNB, assessment rates are determined from a combination of financial ratios and CAMELS component ratings. The minimum annualized assessment rate for Risk Category 1 institutions is 5 basis points per \$100 of deposits and the maximum annualized assessment rate is 7 basis points per \$100 of deposits. Quarterly assessment rates for institutions in Risk Category 1 may vary within this range depending upon changes in CAMELS component ratings and financial ratios.

TNB was not required to pay any deposit insurance premiums in 2007. Under the Federal Deposit Insurance Reform Act of 2005, which became law in 2006, TNB received a one-time assessment credit of \$5.6 million that can be applied against future premiums, subject to certain limitations. This credit was utilized to offset \$2.7 million of assessments during 2007. As of December 31, 2007, approximately \$2.8 million of the credit remained available to offset future deposit insurance assessments. TNB expects this credit to be available to offset assessments through the third quarter of 2008. This credit is not available to offset Financing Corporation (FICO) assessments. During 2007, Trustmark paid \$794 thousand in Financing Corporation (FICO) assessments related to outstanding FICO bonds in which the FDIC serves as collection agent.

Employees

At December 31, 2007, Trustmark employed 2,612 full-time equivalent employees. None of the Trustmark's employees are represented by collective bargaining agreements. Trustmark believes its employee relations to be good.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of Trustmark Corporation (the Registrant) and its primary bank subsidiary, Trustmark National Bank, including their ages, positions and principal occupations for the last five years are as follows:

Richard G. Hickson, 63

Trustmark Corporation

Chairman, President and Chief Executive Officer since April 2002

Trustmark National Bank

Chairman and Chief Executive Officer since April 2002

Gerard R. Host, 53

Trustmark Corporation

Interim Principal Financial Officer from November 2006 to January 2007

Trustmark National Bank

President – General Banking since February 2004

President and Chief Operating Officer – Consumer Division from September 2002 to February 2004

Louis E. Greer, 53

Trustmark Corporation

Treasurer and Principal Financial Officer since January 2007

Chief Accounting Officer from January 2003 to January 2007

Trustmark National Bank

Executive Vice President and Chief Financial Officer since February 2007

Senior Vice President and Chief Accounting Officer from February 2004 to February 2007

Senior Vice President and Controller from September 1998 to February 2004

T. Harris Collier III, 59

Trustmark Corporation

Secretary since April 2002

Trustmark National Bank

General Counsel since January 1990

Duane A. Dewey, 49

Trustmark National Bank

President – Central Region since February 2007

President – Wealth Management Division from August 2003 to February 2007

Provident Bank, Cincinnati, Ohio

Senior Vice President and Managing Director from October 1997 to August 2003

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George C. Gunn, 56

Trustmark National Bank

Executive Vice President and Corporate Banking Manager since February 2004

Executive Vice President and Commercial Banking Manager from September 1999 to February 2004

James M. Outlaw, Jr., 54

Trustmark National Bank

President and Chief Operating Officer – Texas since August 2006

Executive Vice President and Chief Information Officer from September 1999 to August 2006

Breck W. Tyler, 49

Trustmark National Bank

Executive Vice President and Mortgage Services Manager since June 2006

Senior Vice President and Mortgage Services Manager from September 1999 to June 2006

Rebecca N. Vaughn-Furlow, 63

Trustmark National Bank

Executive Vice President and Human Resources Director since June 2006

Senior Vice President and Human Resources Director from February 1999 to June 2006

Harry M. Walker, 57

Trustmark National Bank

President – Jackson Metro since February 2004

President and Chief Operating Officer – Commercial Division from September 2002 to February 2004

Chester A. Wood, Jr., 59

Trustmark National Bank

Executive Vice President and Chief Risk Officer from February 2007

Senior Vice President and Treasurer from January 2005 to February 2007

SouthTrust Corporation, Birmingham, Alabama

Fund Management Group EVP and Treasurer from December 2000 until December 2004

C. Scott Woods II, 51

Trustmark National Bank

Executive Vice President and Insurance Services Manager since June 2006

Senior Vice President and Insurance Services Manager from September 2002 to June 2006

STATISTICAL DISCLOSURES

The consolidated statistical disclosures for Trustmark Corporation and subsidiaries are contained in the following Tables 1 through 13.

TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES

TABLE 1 - COMPARATIVE AVERAGE BALANCES - YIELDS AND RATES

The table below shows the average balances for all assets and liabilities of Trustmark and the interest income or expense associated with those assets and liabilities. The yields or rates have been computed based upon the interest income or expense for each of the last three years ended (tax equivalent basis - \$ in thousands):

	Years Ended December 31,									
	2007			2006			2005			
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	
Assets										
Interest-earning assets:										
Federal funds sold and securities purchased under reverse repurchase agreements	\$ 40,850	\$ 2,147	5.26%	\$ 26,004	\$ 1,327	5.10%	\$ 31,399	\$ 994	3.17%	
Securities available for sale:										
Taxable	573,940	22,367	3.90%	846,718	31,565	3.73%	1,211,230	44,592	3.68%	
Nontaxable	50,763	3,539	6.97%	57,720	4,028	6.98%	62,970	4,545	7.22%	
Securities held to maturity:										
Taxable	195,468	9,417	4.82%	200,501	10,010	4.99%	188,133	9,639	5.12%	
Nontaxable	86,030	6,404	7.44%	93,439	7,007	7.50%	91,592	6,924	7.56%	
Loans (including loans held for sale)	6,893,402	506,159	7.34%	6,297,161	438,817	6.97%	5,786,560	358,458	6.19%	
Total interest-earning assets	7,840,453	550,033	7.02%	7,521,543	492,754	6.55%	7,371,884	425,152	5.77%	
Cash and due from banks	287,113			327,320			336,238			
Other assets	790,636			653,549			566,756			
Allowance for loan losses	(72,365)			(74,924)			(68,395)			
Total Assets	<u>\$8,845,837</u>			<u>\$8,427,488</u>			<u>\$8,206,483</u>			
Liabilities and Shareholders' Equity										
Interest-bearing liabilities:										
Interest-bearing demand deposits	\$1,186,683	39,217	3.30%	\$1,003,649	26,875	2.68%	\$1,088,107	15,275	1.40%	
Savings deposits	1,708,378	38,977	2.28%	1,677,921	31,037	1.85%	1,262,059	10,692	0.85%	
Time deposits	2,625,327	122,181	4.65%	2,367,263	95,928	4.05%	1,992,358	55,993	2.81%	
Federal funds purchased and securities sold under repurchase agreements	447,438	20,224	4.52%	471,386	20,228	4.29%	668,389	19,138	2.86%	
Short-term borrowings	269,102	13,723	5.10%	520,942	25,965	4.98%	892,570	32,656	3.66%	
Long-term FHLB advances	-	-	-	2,825	104	3.68%	159,103	5,502	3.46%	
Subordinated notes	49,692	2,894	5.82%	2,586	138	5.34%	-	-	-	
Junior subordinated debt securities	70,104	5,144	7.34%	25,895	1,900	7.34%	-	-	-	
Total interest-bearing liabilities	6,356,724	242,360	3.81%	6,072,467	202,175	3.33%	6,062,586	139,256	2.30%	
Noninterest-bearing demand deposits	1,455,494			1,417,470			1,310,597			
Other liabilities	130,244			136,674			90,353			
Shareholders' equity	903,375			800,877			742,947			
Total Liabilities and Shareholders' Equity	<u>\$8,845,837</u>			<u>\$8,427,488</u>			<u>\$8,206,483</u>			
Net Interest Margin		307,673	3.92%		290,579	3.86%		285,896	3.88%	
Correction of accounting error		2,628			-			-		
Less tax equivalent adjustments:										
Investments		3,480			3,862			4,014		
Loans		6,038			6,146			5,441		
Net Interest Margin per Annual Report		<u>\$300,783</u>			<u>\$280,571</u>			<u>\$276,441</u>		

Nonaccruing loans have been included in the average loan balances and interest collected prior to these loans having been placed on nonaccrual has been included in interest income. Loan fees included in interest associated with the average loan balances are immaterial. Interest income and average yield on tax-exempt assets have been calculated on a fully tax equivalent basis using a tax rate of 35% for each of the three years presented. Certain reclassifications have been made to 2006 and 2005 amounts to conform to the 2007 presentation.

TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES (CONTINUED)

TABLE 2 - VOLUME AND YIELD/RATE VARIANCE ANALYSIS

The table below shows the change from year to year for each component of the tax equivalent net interest margin in the amount generated by volume changes and the amount generated by changes in the yield or rate (tax equivalent basis - \$ in thousands).

	2007 Compared to 2006			2006 Compared to 2005		
	Increase (Decrease) Due To:			Increase (Decrease) Due To:		
	Volume	Yield/ Rate	Net	Volume	Yield/ Rate	Net
Interest earned on:						
Federal funds sold and securities purchased under reverse repurchase agreements	\$ 777	\$ 43	\$ 820	\$ (193)	\$ 526	\$ 333
Securities available for sale:						
Taxable	(10,580)	1,382	(9,198)	(13,624)	597	(13,027)
Nontaxable	(483)	(6)	(489)	(370)	(147)	(517)
Securities held to maturity:						
Taxable	(251)	(342)	(593)	621	(250)	371
Nontaxable	(548)	(55)	(603)	139	(56)	83
Loans (including loans held for sale)	43,150	24,192	67,342	33,096	47,263	80,359
Total interest-earning assets	32,065	25,214	57,279	19,669	47,933	67,602
Interest paid on:						
Interest-bearing demand deposits	5,440	6,902	12,342	(1,272)	12,872	11,600
Savings deposits	575	7,365	7,940	4,452	15,893	20,345
Time deposits	11,129	15,124	26,253	11,939	27,996	39,935
Federal funds purchased and securities sold under repurchase agreements	(1,057)	1,053	(4)	(6,685)	7,775	1,090
Short-term borrowings	(12,852)	610	(12,242)	(16,212)	9,521	(6,691)
Long-term FHLB advances	(104)	-	(104)	(5,727)	329	(5,398)
Subordinated notes	2,536	220	2,756	138	-	138
Junior subordinated debt securities	3,244	-	3,244	1,900	-	1,900
Total interest-bearing liabilities	8,911	31,274	40,185	(11,467)	74,386	62,919
Change in net interest income on a tax equivalent basis	\$ 23,154	\$ (6,060)	\$ 17,094	\$ 31,136	\$ (26,453)	\$ 4,683

The change in interest due to both volume and yield/rate has been allocated to change due to volume and change due to yield/rate in proportion to the absolute value of the change in each. Tax-exempt income has been adjusted to a tax equivalent basis using a tax rate of 35% for each of the three years presented. The balances of nonaccrual loans and related income recognized have been included for purposes of these computations.

TABLE 3 - SECURITIES PURCHASED UNDER REVERSE REPURCHASE AGREEMENTS

The table below presents certain information concerning Trustmark's securities purchased under reverse repurchase agreements for each of the last three years (\$ in thousands):

	2007	2006	2005
Securities purchased under reverse repurchase agreements:			
Maximum amount outstanding at any month end during each period	\$ -	\$ -	\$ 30,000
Average amount outstanding at end of period	\$ -	\$ 83	\$ 7,000

The securities underlying the reverse repurchase agreements were under Trustmark's control during the periods presented.

TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES (CONTINUED)

TABLE 4 - SECURITIES AVAILABLE FOR SALE AND SECURITIES HELD TO MATURITY

The table below indicates amortized costs of securities available for sale and held to maturity by type at year end for each of the last three years (\$ in thousands):

	<u>December 31,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Securities available for sale			
U.S. Treasury and other U.S. Government agencies	\$ 8,005	\$ 11,444	\$ 8,942
Obligations of states and political subdivisions	45,704	56,839	61,973
Mortgage-backed securities	318,815	607,651	812,049
Corporate debt securities	70,971	93,735	120,603
Total debt securities	<u>443,495</u>	<u>769,669</u>	<u>1,003,567</u>
Other securities including equity	-	-	13,725
Total securities available for sale	<u>\$ 443,495</u>	<u>\$ 769,669</u>	<u>\$ 1,017,292</u>
Securities held to maturity			
Obligations of states and political subdivisions	\$ 114,497	\$ 129,879	\$ 131,403
Mortgage-backed securities	160,473	162,245	163,386
Other securities	126	119	113
Total securities held to maturity	<u>\$ 275,096</u>	<u>\$ 292,243</u>	<u>\$ 294,902</u>

TABLE 5 - MATURITY DISTRIBUTION AND YIELDS OF SECURITIES AVAILABLE FOR SALE AND SECURITIES HELD TO MATURITY

The following table details the maturities of securities available for sale and held to maturity using amortized cost at December 31, 2007, and the weighted-average yield for each range of maturities (tax equivalent basis - \$ in thousands):

	<u>Maturing</u>								
	<u>Within One Year</u>	<u>Yield</u>	<u>After One, But Within Five Years</u>	<u>Yield</u>	<u>After Five, But Within Ten Years</u>	<u>Yield</u>	<u>After Ten Years</u>	<u>Yield</u>	<u>Total</u>
Securities available for sale									
U.S. Treasury and other U.S. Government agencies	\$ 8,005	3.82%	\$ -	-	\$ -	-	\$ -	-	\$ 8,005
Obligations of states and political subdivisions	21,925	7.98%	12,240	5.39%	10,285	6.05%	1,254	7.16%	45,704
Mortgage-backed securities	91	6.40%	16,444	3.65%	61,213	3.42%	241,067	3.91%	318,815
Corporate debt securities	26,116	3.72%	44,855	4.17%	-	-	-	-	70,971
Total securities available for sale	<u>\$ 56,137</u>	<u>5.40%</u>	<u>\$ 73,539</u>	<u>4.26%</u>	<u>\$ 71,498</u>	<u>3.80%</u>	<u>\$ 242,321</u>	<u>3.93%</u>	<u>443,495</u>
Securities held to maturity									
Obligations of states and political subdivisions	\$ 16,925	4.98%	\$ 36,727	7.05%	\$ 51,483	7.50%	\$ 9,362	6.80%	\$114,497
Mortgage-backed securities	-	-	-	-	-	-	160,473	4.55%	160,473
Other securities	-	-	-	-	126	5.72%	-	-	126
Total securities held to maturity	<u>\$ 16,925</u>	<u>4.98%</u>	<u>\$ 36,727</u>	<u>7.05%</u>	<u>\$ 51,609</u>	<u>7.50%</u>	<u>\$ 169,835</u>	<u>4.67%</u>	<u>\$275,096</u>

Due to the nature of mortgage related securities, the actual maturities of these investments can be substantially shorter than their contractual maturity. Management believes the actual weighted average maturity of the entire mortgage related portfolio to be approximately 2.02 years.

As of December 31, 2007, Trustmark did not hold any securities of one issuer with a carrying value exceeding ten percent of total shareholders' equity.

TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES (CONTINUED)

TABLE 6 - COMPOSITION OF THE LOAN PORTFOLIO

The table below shows the carrying value of the loan portfolio (including loans held for sale) at the end of each of the last five years (\$ in thousands):

	December 31,				
	2007	2006	2005	2004	2003
Real estate loans:					
Construction, land development and other land loans	\$ 1,194,940	\$ 896,254	\$ 715,174	\$ 661,808	\$ 552,038
Secured by 1-4 family residential properties	1,842,265	1,938,261	2,048,132	1,783,471	1,624,123
Secured by nonfarm, nonresidential properties	1,325,379	1,326,658	1,061,669	893,836	850,193
Other real estate loans	167,610	148,921	166,685	156,140	171,610
Loans to finance agricultural production and other loans to farmers	23,692	23,938	40,162	29,885	30,815
Commercial and industrial	1,283,014	1,106,460	861,167	865,436	787,094
Consumer	1,087,337	934,261	880,868	802,334	777,236
Obligations of states and political subdivisions	228,330	233,666	230,214	193,951	184,827
Loans for purchasing or carrying securities	4,949	8,110	5,204	9,799	10,080
Other loans	30,784	41,999	51,004	50,346	56,127
Loans (including loans held for sale)	<u>\$ 7,188,300</u>	<u>\$ 6,658,528</u>	<u>\$ 6,060,279</u>	<u>\$ 5,447,006</u>	<u>\$ 5,044,143</u>

TABLE 7 - LOAN MATURITIES AND SENSITIVITY TO CHANGES IN INTEREST RATES

The table below shows the amounts of loans in certain categories outstanding as of December 31, 2007, which, based on the remaining scheduled repayments of principal, are due in the periods indicated (\$ in thousands):

	Maturing			Total
	Within One Year or Less	One Year Through Five Years	After Five Years	
Construction, land development and other land loans	\$ 941,360	\$ 197,958	\$ 55,622	\$ 1,194,940
Other loans secured by real estate (excluding loans secured by 1-4 family residential properties)	501,356	764,822	226,811	1,492,989
Commercial and industrial	741,124	462,110	79,780	1,283,014
Other loans (excluding consumer)	53,867	70,348	163,540	287,755
Total	<u>\$ 2,237,707</u>	<u>\$ 1,495,238</u>	<u>\$ 525,753</u>	<u>\$ 4,258,698</u>

	Maturing		
	One Year Through Five Years	After Five Years	Total
Above loans due after one year which have:			
Predetermined interest rates	\$ 1,444,467	\$ 432,286	\$ 1,876,753
Floating interest rates	50,771	93,467	144,238
Total	<u>\$ 1,495,238</u>	<u>\$ 525,753</u>	<u>\$ 2,020,991</u>

TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES (CONTINUED)

TABLE 8 - NONPERFORMING ASSETS AND PAST DUE LOANS

The table below shows Trustmark's nonperforming assets and past due loans at the end of each of the last five years (\$ in thousands):

	December 31,				
	2007	2006	2005	2004	2003
Nonperforming Assets					
Loans accounted for on a nonaccrual basis	\$ 65,173	\$ 36,399	\$ 28,914	\$ 21,864	\$ 23,921
Other real estate (ORE)	8,348	2,509	4,107	5,615	5,929
Total nonperforming assets	<u>\$ 73,521</u>	<u>\$ 38,908</u>	<u>\$ 33,021</u>	<u>\$ 27,479</u>	<u>\$ 29,850</u>
Past Due Loans					
Loans past due over 90 days	\$ 4,853	\$ 2,957	\$ 2,719	\$ 5,284	\$ 2,606
Serviced GNMA loans eligible for repurchase	11,847	8,510	22,769	-	-
Total loans past due over 90 days	<u>\$ 16,700</u>	<u>\$ 11,467</u>	<u>\$ 25,488</u>	<u>\$ 5,284</u>	<u>\$ 2,606</u>
Nonperforming assets/total loans and ORE	<u>1.02%</u>	<u>0.59%</u>	<u>0.56%</u>	<u>0.51%</u>	<u>0.59%</u>

A loan is classified as nonaccrual, and the accrual of interest on such loan is discontinued, when the contractual payment of principal or interest becomes 90 days past due or if Management has serious doubts about further collectibility of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and well secured. When a loan is placed on nonaccrual status, unpaid interest is reversed against interest income. Interest received on nonaccrual loans is applied against principal. Loans are restored to accrual status when the obligation is brought current or has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectibility of the total contractual principal and interest is no longer in doubt. A loan is considered impaired when, based on current information and events, it is probable that Trustmark will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. The policy for recognizing income on impaired loans is consistent with the nonaccrual policy.

Government National Mortgage Association (GNMA) optional repurchase programs allow financial institutions to buy back individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without GNMA's prior authorization, the servicer may repurchase such a delinquent loan for an amount equal to 100 percent of the remaining principal balance of the loan. Under Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement of SFAS No. 125," this buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. When Trustmark is deemed to have regained effective control over these loans under the unconditional buy-back option, the loans can no longer be reported as sold and must be brought back onto the balance sheet as loans held for sale, regardless of whether Trustmark intends to exercise the buy-back option. These loans are reported as held for sale in accordance with U. S. generally accepted accounting principles with the offsetting liability being reported as short-term borrowings. During the two years ended December 31, 2007, Trustmark has not exercised their buy-back option on any delinquent loans serviced for GNMA. GNMA loans eligible for repurchase totaled \$17.9 million at December 31, 2007 and \$13.5 million at December 31, 2006.

As of December 31, 2007, Management is not aware of any additional credits, other than those identified above, where serious doubts as to the repayment of principal and interest exist. There are no interest-earning assets which would be required to be disclosed above if those assets were loans. Trustmark had no loan concentrations greater than ten percent of total loans other than those loan categories shown in Table 6.

Explanation of the changes in 2007 can be found in the table captioned "Nonperforming Assets" and the related discussion included in Management's Discussion and Analysis found in the Registrant's 2007 Annual Report to Shareholders and is incorporated herein by reference.

TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES (CONTINUED)

TABLE 9 - ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES

The table below summarizes Trustmark's loan loss experience for each of the last five years (\$ in thousands):

	<u>Years Ended December 31,</u>				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Balance at beginning of period	\$ 72,098	\$ 76,691	\$ 64,757	\$ 74,276	\$ 74,771
Loans charged off:					
Real estate loans	(8,678)	(1,511)	(2,770)	(3,009)	(2,863)
Loans to finance agricultural production and other loans to farmers	(297)	(3)	(14)	(19)	(60)
Commercial and industrial	(2,136)	(1,670)	(2,978)	(1,178)	(3,688)
Consumer	(10,207)	(7,740)	(8,147)	(7,949)	(9,605)
All other loans	(5,472)	(4,014)	(2,913)	(3,247)	(2,992)
Total charge-offs	<u>(26,790)</u>	<u>(14,938)</u>	<u>(16,822)</u>	<u>(15,402)</u>	<u>(19,208)</u>
Recoveries on loans previously charged off:					
Real estate loans	57	152	135	30	79
Loans to finance agricultural production and other loans to farmers	-	-	-	-	-
Commercial and industrial	1,356	1,729	1,006	1,029	735
Consumer	5,944	6,130	5,300	5,324	5,612
All other loans	3,402	2,955	2,774	2,555	2,516
Total recoveries	<u>10,759</u>	<u>10,966</u>	<u>9,215</u>	<u>8,938</u>	<u>8,942</u>
Net charge-offs	(16,031)	(3,972)	(7,607)	(6,464)	(10,266)
Provision for loan losses	23,784	(5,938)	19,541	(3,055)	9,771
Allowance of acquired bank	-	5,317	-	-	-
Balance at end of period	<u>\$ 79,851</u>	<u>\$ 72,098</u>	<u>\$ 76,691</u>	<u>\$ 64,757</u>	<u>\$ 74,276</u>
Percentage of net charge-offs during period to average loans outstanding during the period	<u>0.23%</u>	<u>0.06%</u>	<u>0.13%</u>	<u>0.12%</u>	<u>0.21%</u>

The allowance for loan losses is established through provisions for estimated loan losses charged against net income. The allowance reflects Management's best estimate of the probable loan losses related to specifically identified loans, as well as, probable incurred loan losses in the remaining loan portfolio and requires considerable judgement. The allowance is based upon Management's current judgments and the credit quality of the loan portfolio, including all internal and external factors that impact loan collectibility. SFAS No. 5, "Accounting for Contingencies," and SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," limit the amount of the loss allowance to the estimate of losses that have been incurred at the balance sheet reporting date. Accordingly, the allowance is based upon past events and current economic conditions.

Trustmark's allowance has been developed using different factors to estimate losses based upon specific evaluation of identified individual loans considered impaired, estimated identified losses on various pools of loans and/or groups of risk rated loans with common risk characteristics and other external and internal factors of estimated probable losses based on other facts and circumstances.

The level of Trustmark's allowance reflects Management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio growth, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio. This evaluation takes into account other qualitative factors including recent acquisitions, national, regional and local economic trends and conditions, changes in credit concentration, changes in levels and trends of delinquencies and nonperforming loans, changes in levels and trends of net charge-offs, changes in interest rates and collateral, financial and underwriting exceptions.

Following Hurricane Katrina, Trustmark identified customers specifically impacted by the storm in an effort to estimate the loss of collateral value and customer payment abilities. In accordance with SFAS No. 5, Trustmark determined, through reasonable estimates, that specific losses were probable and initially increased its allowance for loan losses by \$9.8 million, on a pretax basis, during the third quarter of 2005. Trustmark continually reevaluates its estimates for probable losses resulting from Katrina. As a result, Trustmark released allowance for loan losses of a pretax basis of \$7.8 million during 2006 and \$0.6 million during 2007. At December 31, 2007, the allowance for loan losses included specific Katrina accruals totaling \$594 thousand. Management's estimates, assumptions and judgments are based on information available as of the date of the consolidated financial statements; accordingly, as the information changes, actual results could differ from those estimates.

**TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES (CONTINUED)**

TABLE 10 - ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

Trustmark's allowance for loan losses has been developed using different factors to estimate: (i) specific valuation allowances determined in accordance with SFAS No. 114 based on probable losses on specific loans; (ii) portfolio based valuation allowances determined in accordance with SFAS No. 5 based on historical loan loss experience for similar loans with similar characteristics and trends; and (iii) qualitative risk valuation allowances determined in accordance with SFAS No. 5 based on general economic conditions and other qualitative risk factors, both internal and external, to Trustmark.

The allowances established for probable losses on specific commercial loans are based on an ongoing analysis and evaluation of classified loans. Loans are classified based on internal credit risk grading process that evaluates, among other things: (i) the obligor's ability to repay; (ii) the underlying collateral, if any; and (iii) the economic environment and industry in which the borrower operates. Specific valuation allowances are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things. If after review, a specific valuation allowance is not assigned to the loan, and the loan is not considered to be impaired, the loan remains with a pool of similar risk rated loans that is assigned a valuation allowance calculated based on a Moody's probability study.

Historical valuation allowances are calculated based on the historical loss experience of specific types of loans and the Moody's probability study for internal commercial risk graded loans. Trustmark calculates historical loss ratios for pools of similar loans with similar characteristics based on the proportion of actual charge-offs experienced to the total population of loans in the pool. The historical loss ratios are periodically updated based on actual charge-off experience. A historical valuation allowance is established for each pool of similar loans based upon the product of the historical loss ratio and the total dollar amount of the loans in the pool. Trustmark's pools of similar loans include industry concentration by call report code, consumer loans and 1-4 family residential mortgages.

General valuation allowances are based on general economic conditions and other qualitative risk factors both internal and external to the bank. In general, such valuation allowances are determined by evaluating, among other things: (i) the experience, ability and effectiveness of the bank's lending management and staff; (ii) the effectiveness of Trustmark's loan policies, procedures and internal controls; (iii) the changes in asset quality; (iv) the impact of rising interest rates on portfolio risk; (v) the accuracy of assigned risk ratings; (vi) national economic trends and conditions; (vii) consumer bankruptcy trends; (viii) the concentration of consumer credits; (ix) commercial real estate vacancy trends by region; (x) regional and local economic trends and conditions; (xi) collateral, financial and underwriting exception trends by region; and (xii) the impact of recent acquisitions.

Management evaluates the degree of risk that each one of these components has on the quality of the loan portfolio on a quarterly basis. Each component is determined to have either a high, moderate or low degree of risk. For the period analyzed, Management assesses whether the degree of risk for each component has increased, declined or remains neutral. The results are then input into a "qualitative factor allocation matrix" to determine an appropriate qualitative risk allowance. Should any of the factors considered by Management in evaluating the adequacy of the allowance for loan losses change, Trustmark's estimate of probable loan losses could also change, which could affect the level of future provisions for possible loan losses.

TRUSTMARK CORPORATION
STATISTICAL DISCLOSURES (CONCLUDED)

TABLE 11 - TIME DEPOSITS OF \$100,000 OR MORE

The table below shows maturities on outstanding time deposits of \$100,000 or more at December 31, 2007 (\$ in thousands):

3 months or less	\$ 356,114
Over 3 months through 6 months	283,136
Over 6 months through 12 months	286,496
Over 12 months	103,497
Total	<u>\$ 1,029,243</u>

TABLE 12 - SELECTED RATIOS

The following ratios are presented for each of the last three years:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Return on average assets	1.23%	1.42%	1.25%
Return on average equity	12.02%	14.89%	13.86%
Dividend payout ratio	47.34%	40.28%	44.51%
Average equity to average assets ratio	10.21%	9.50%	9.16%

TABLE 13 - SHORT-TERM BORROWINGS

The table below presents certain information concerning Trustmark's short-term borrowings for each of the last three years (\$ in thousands):

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Federal funds purchased and securities sold under repurchase agreements:			
Amount outstanding at end of period	\$ 460,763	\$ 470,434	\$ 492,853
Weighted-average interest rate at end of period	3.30%	4.50%	3.31%
Maximum amount outstanding at any month end during each period	\$ 525,142	\$ 505,627	\$ 770,273
Average amount outstanding during each period	\$ 447,438	\$ 471,386	\$ 668,389
Weighted-average interest rate during each period	4.52%	4.29%	2.86%
Short-term borrowings:			
Amount outstanding at end of period	\$ 474,354	\$ 271,067	\$ 775,402
Weighted-average interest rate at end of period	4.30%	5.14%	4.24%
Maximum amount outstanding at any month end during each period	\$ 526,879	\$ 692,295	\$ 1,271,250
Average amount outstanding during each period	\$ 269,102	\$ 520,942	\$ 892,570
Weighted-average interest rate during each period	5.10%	4.98%	3.66%

ITEM 1A. RISK FACTORS

Trustmark and its subsidiaries could be adversely impacted by various risks and uncertainties, which are difficult to predict. As a financial institution, Trustmark has significant exposure to market risk, including interest-rate risk, liquidity risk and credit risk, among others. This section includes a description of certain risks, uncertainties and assumptions identified by Management that are difficult to predict and that could materially affect Trustmark's financial condition and results of operations, as well as the value of Trustmark's financial instruments in general, and Trustmark common stock, in particular. Additional risks and uncertainties that Management currently deems immaterial or is unaware of may also impair Trustmark's business operations. This report is qualified in its entirety by these risk factors.

Trustmark is Subject to Interest Rate Risk

Trustmark is exposed to interest rate risk in its core banking activities of lending and deposit taking since assets and liabilities reprice at different times and by different amounts as interest rates change. As a result, net interest income, which represents the largest revenue source for Trustmark, is subject to the effects of changing interest rates. Trustmark closely monitors the sensitivity of net interest income to changes in interest rates and attempts to limit the variability of net interest income as interest rates change. Trustmark makes use of both on- and off-balance sheet financial instruments to mitigate exposure to interest rate risk. Possible actions to mitigate such risk include, but are not limited to, changes in the pricing of loan and deposit products, modifying the composition of earning assets and interest-bearing liabilities, and adding to, modifying or terminating interest rate swap agreements or other financial instruments used for interest rate risk management purposes. Trustmark has entered into derivative contracts to hedge our Mortgage Servicing Rights (MSR) in order to offset changes in fair value resulting from rapidly changing interest rate environments. In spite of Trustmark's due diligence in regards to these hedging strategies, significant risk are involved that, if realized, may prove our strategies to be ineffective and our results of operations adversely impacted. Risks associated with this strategy include the risk that our hedging strategies are susceptible to prepayment risk, basis risk, market volatility and changes in the shape of the yield curve; the risk that our hedging strategies rely on our assumptions and projections regarding these assets and general market factors and that assumptions may prove to be incorrect; the risk that our hedging strategies do not adequately mitigate the impact of changes in interest rates or prepayment speeds; the risk that the valuation of MSR based on certain circumstances and assumptions will not be realized due to differences in forecasted inputs within the model and the actual results and the risk that the models used to forecast hedge instruments may project expectations that differ from actual results.

Trustmark is Subject to Lending Risk

There are inherent risks associated with Trustmark's lending activities. The risks include, among other things, the impact of changes in the economic conditions in the markets where Trustmark operates as well as those across the United States. Weakening economic conditions could adversely impact the ability of borrowers to repay outstanding loans or the value of collateral securing these loans. As of December 31, 2007, approximately 53% of Trustmark's loan portfolio consisted of commercial and industrial: construction, land development and other land loans; and loans secured by nonfarm, nonresidential properties. These types of loans are also typically larger than residential real estate and consumer loans. Because Trustmark's loan portfolio contains a significant number of commercial and industrial, construction and commercial real estate loans with relatively large balances, the deterioration of one or a few of these loans could cause a significant increase in nonperforming loans. An increase in nonperforming loans could result in a net loss in earnings from these loans, an increase in the provision for possible loan losses and an increase in loan charge-offs, all of which could have a material adverse effect on Trustmark's financial condition and results of operations.

To help manage credit risk, Trustmark maintains a detailed credit policy and utilizes various committees that include members of senior management to approve significant extensions of credit. Trustmark also maintains a credit review department that regularly reviews Trustmark's loan portfolios to ensure compliance with established credit policy. Trustmark maintains an allowance for credit losses that in Management's judgment is adequate to absorb losses inherent in the loan portfolio.

Trustmark's Allowance for Loan Losses May Not Be Adequate to Cover Credit Losses

The allowance for loan losses is established through provisions for estimated loan losses charged against earnings. The allowance for loan losses is maintained at a level believed adequate by management, based on estimated probable losses within the existing loan portfolio. This evaluation is inherently subjective, as it requires material estimates, including the amounts and timing of future cash flows expected to be received on impaired loans that may be susceptible to significant change. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of Trustmark's control, may require an increase in the allowance for loan losses. In addition, bank regulatory agencies periodically review Trustmark's allowance for loan losses and may require an increase in the provision for loan losses or the recognition of further charge-offs, based on judgments different than those of Management. In addition, if charge-offs in future periods exceed the allowance for loan losses, Trustmark will need additional provisions to increase the allowance for loan losses. Any increases in the allowance for loan losses will result in a decrease in net income and, possibly, stockholders' equity, and may have a material adverse affect on Trustmark's financial condition and results of operations.

Trustmark is Subject to Liquidity Risk

Liquidity refers to Trustmark's ability to ensure that sufficient cash flow and liquid assets are available to satisfy current and future financial obligations, including demands for loans and deposit withdrawals, funding operating costs, and for other corporate purposes. Liquidity risk arises whenever the maturities of financial instruments included in assets and liabilities differ. Trustmark obtains funding through deposits and various short-term and long-term wholesale borrowings, including federal funds purchased and securities sold under agreements to repurchase, brokered certificates of deposit and borrowings from the Federal Home Loan Bank. Should Trustmark experience a substantial deterioration in its financial condition or its debt ratings, or should the availability of funding become restricted due to disruption in the financial markets, Trustmark's ability to obtain funding from these or other sources could be negatively impacted. Trustmark attempts to quantify such credit-event risk by modeling scenarios that estimate the liquidity impact resulting from a short-term ratings downgrade over various grading levels. Trustmark estimates such impact by attempting to measure the effect on available unsecured lines of credit, available capacity from secured borrowing sources and securitizable assets. To mitigate such risk, Trustmark maintains available lines of credit with the Federal Reserve Bank and the Federal Home Loan Bank that are secured by loans and investment securities. Management continuously monitors Trustmark's liquidity position for compliance with internal policies and believes that available sources of liquidity are adequate to meet funding needs in the normal course of business.

Trustmark Operates In A Highly Competitive Industry and Market Area

Trustmark faces substantial competition in all areas of its operations from a variety of different competitors, many of which are larger and may have more financial resources. Such competitors primarily include national, regional, and community banks within the various markets Trustmark operates. Additionally, various out-of-state banks have entered or have announced plans to enter the market areas in which Trustmark currently operates. Trustmark also faces competition from many other types of financial institutions, including, without limitation, savings and loans, credit unions, finance companies, brokerage firms, insurance companies, factoring companies and other financial intermediaries. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Banks, securities firms and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Also, technology has lowered barriers to entry and made it possible for nonbanks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Many of Trustmark's competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing for those products and services than Trustmark can. Trustmark's ability to compete successfully depends on a number of factors, including, among other things: the ability to develop, maintain and build upon long-term customer relationships based on top quality service, high ethical standards and safe, sound assets; the ability to expand Trustmark's market position; the scope, relevance and pricing of products and services offered to meet customer needs and demands; the rate at which Trustmark introduces new products and services relative to its competitors; customer satisfaction with Trustmark's level of service and industry and general economic trends. Failure to perform in any of these areas could significantly weaken Trustmark's competitive position, which could adversely affect Trustmark's growth and profitability, which, in turn, could have a material adverse effect on Trustmark's financial condition and results of operations.

Trustmark is Subject to Extensive Government Regulation and Supervision

Trustmark is subject to extensive state and federal laws and regulations governing the banking industry, in particular, and public companies, in general. Many of those laws and regulations are described in Part I, Item 1 "Business." Changes in those laws and regulations, or the degree of Trustmark's compliance with those laws and regulations as judged by any of several regulators that oversee Trustmark, could have a significant effect on Trustmark's financial condition and results of operations.

Trustmark's Controls and Procedures May Fail or Be Circumvented

Management regularly reviews and updates Trustmark's internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of Trustmark's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on Trustmark's financial condition and results of operations.

Potential Acquisitions May Disrupt Trustmark's Business and Dilute Stockholder Value

Trustmark seeks merger or acquisition partners that are culturally similar and have experienced management and possess either significant market presence or have potential for improved profitability through financial management, economies of scale or expanded services. Acquiring other banks, businesses, or branches involves various risks commonly associated with acquisitions, including, among other things: potential exposure to unknown or contingent liabilities of the target company; exposure to potential asset quality issues of the target company; difficulty and expense of integrating the operations and personnel of the target company; potential disruption to Trustmark's business; potential diversion of Trustmark's Management's time and attention; the possible loss of key employees and customers of the target company; difficulty in estimating the value of the target company and potential changes in banking or tax laws or regulations that may affect the target company. Acquisitions typically involve the payment of a premium over book and market values, and, therefore, some dilution of Trustmark's tangible book value and net income per common share may occur in connection with any future transaction. Furthermore, failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition could have a material adverse effect on Trustmark's financial condition and results of operations.

Trustmark Continually Encounters Technological Change

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Trustmark's future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in Trustmark's operations. Many of Trustmark's competitors have substantially greater resources to invest in technological improvements. Trustmark may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on Trustmark's financial condition and results of operations.

Trustmark is Subject to Claims and Litigation

Trustmark and its subsidiaries are parties to lawsuits and other claims that arise in the ordinary course of business. Some of these lawsuits assert claims related to the lending, collection, servicing, investment, trust and other business activities, and some of the lawsuits allege substantial claims for damages. Whether these claims are founded or unfounded, if such claims are not resolved in a manner favorable to Trustmark they may result in significant financial liability and/or adversely affect the market perception of Trustmark and its banking, wealth management and insurance products and services as well as impact customer demand for these products and services. Any financial liability or reputation damage could have a material adverse effect on Trustmark's business, which in turn, could have a material adverse effect on Trustmark's financial condition and results of operations.

Natural Disasters, Acts of War or Terrorism Could Significantly Impact Trustmark's Business

Natural disasters, acts of war or terrorism and other external events could have a significant impact on Trustmark's ability to conduct business. Such events could affect the stability of Trustmark's deposit base, impair of ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue and/or cause Trustmark to incur additional expenses. For example, during 2005, Hurricane Katrina made landfall and subsequently caused extensive flooding and destruction along the Mississippi Gulf Coast as well as central and eastern Mississippi. Operations in several of the communities where Trustmark does business were disrupted by damage and/or lack of access to Trustmark's banking facilities. Other natural disasters, acts of war or terrorism or other adverse external events may occur in the future. Although Management has established disaster recovery policies and procedures, the occurrence of any such event could have a material adverse effect on Trustmark's business, which in turn, could have a material adverse effect on Trustmark's financial condition and results of operations.

Trustmark's Stock Price Can Be Volatile

Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. Trustmark's stock price can fluctuate significantly in response to a variety of factors. These factors include: actual or anticipated variations in earnings; changes in analysts' recommendations or projections; operating and stock performance of other companies deemed to be peers; perception in the marketplace regarding Trustmark and/or its competitors; new technology used, or services offered, by competitors; significant acquisitions or business combinations involving Trustmark or its competitors, changes in government regulation and failure to integrate acquisitions or realize anticipated benefits from acquisitions. General market fluctuations, industry factors and general economic and political conditions could also cause Trustmark's stock price to decrease regardless of operating results.

An Investment In Trustmark's Common Stock Is Not An Insured Deposit

Trustmark's common stock is not a bank deposit and, therefore, is not insured against loss by the Federal Deposit Insurance Corporation (FDIC), any other deposit insurance fund or by any other public or private entity. Investment in Trustmark's common stock is inherently risky for the reasons described in this "Risk Factors" section and elsewhere in this report and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire Trustmark's common stock, you could lose some or all of your investment.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Trustmark's principal offices are housed in its complex located in downtown Jackson, Mississippi, and owned by TNB. Approximately 212,000 square feet, or 80%, of the available space in the main office building is allocated to bank use with the remainder occupied by tenants on a lease basis. Trustmark, through its two banking subsidiaries, also operates 137 full-service branches, 17 limited-service branches, one in-store branch, three retirement service branches and an ATM network which includes 125 ATMs at on-premise locations and 71 ATMs located at off-premise sites. In addition, Trustmark's Insurance Division utilizes six off-site locations while the Mortgage Banking Group has one additional off-site location. Trustmark leases 104 of its 236 locations with the remainder being owned.

ITEM 3. LEGAL PROCEEDINGS

The information required by this item can be found in "Management's Discussion and Analysis" included in Trustmark's 2007 Annual Report to Shareholders and is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to Trustmark's shareholders during the fourth quarter of 2007.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Trustmark's common stock is listed for trading on the Nasdaq Stock Market. At February 5, 2008, there were approximately 4,100 registered shareholders of Trustmark's common stock. Other information required by this item can be found in Note 16, "Shareholders' Equity," and the table captioned "Principal Markets and Prices of Trustmark's Stock" included Trustmark's 2007 Annual Report to Shareholders and is incorporated herein by reference.

Table of Contents

The following table shows information relating to the repurchase of common shares by Trustmark Corporation during the three months ended December 31, 2007:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs</u>
October 1, 2007 through October 31, 2007	-	\$ -	-	1,370,581
November 1, 2007 through November 30, 2007	-	\$ -	-	1,370,581
December 1, 2007 through December 31, 2007	-	\$ -	-	1,370,581
Total	-	-	-	-

The repurchase program is subject to Management's discretion and will continue to be implemented through open market purchases or privately negotiated transactions.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item can be found in the table captioned "Selected Financial Data" included in Trustmark's 2007 Annual Report to Shareholders and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item can be found in "Management's Discussion and Analysis" included in Trustmark's 2007 Annual Report to Shareholders and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item can be found in "Management's Discussion and Analysis" included in Trustmark's 2007 Annual Report to Shareholders and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of Trustmark Corporation and subsidiaries and the accompanying Notes to Consolidated Financial Statements are contained in Trustmark's 2007 Annual Report to Shareholders and are incorporated herein by reference. The table captioned "Summary of Quarterly Results of Operations" is also included in Trustmark's 2007 Annual Report to Shareholders and is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has been no change of accountants within the two-year period prior to December 31, 2007.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out by Trustmark's management, with the participation of its Chief Executive Officer and Treasurer and Principal Financial Officer (Principal Financial Officer), of the effectiveness of Trustmark's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report. No changes were made to Trustmark's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, Trustmark's internal control over financial reporting.

Management Report on Internal Control over Financial Reporting

The information required by this Item can be found in the “Management Report on Internal Control Over Financial Reporting” included in Trustmark’s 2007 Annual Report to Shareholders and is incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Certain information regarding executive officers is included under the section captioned “Executive Officers of the Registrant” in Part I, Item 1, elsewhere in this Annual Report on Form 10-K. Other information required by this Item is incorporated herein by reference to Trustmark’s Proxy Statement (Schedule 14A) for its 2008 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark’s fiscal year-end.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to Trustmark’s Proxy Statement (Schedule 14A) for its 2008 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark’s fiscal year-end.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by reference to Trustmark’s Proxy Statement (Schedule 14A) for its 2008 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark’s fiscal year-end.

The table below represents compensation plans under which equity securities of Trustmark are authorized as of December 31, 2007:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensations plans (excluding (a))
Approved by security holders	1,954,360	\$ 25.42	5,553,832
Not approved by security holders	-	-	-
Total	1,954,360	\$ 25.42	5,553,832

The table above contains aggregate summary information for the number of securities to be issued upon exercise of outstanding options and their weighted average exercise price related to Trustmark's 2005 Stock Incentive Plan (the 2005 Plan) and 1997 Incentive Plan (the 1997 Plan). Information related to securities remaining available for future issuance comes exclusively from the 2005 Plan as it replaced the 1997 Plan, and from which no additional grants will be made.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to Trustmark's Proxy Statement (Schedule 14A) for its 2008 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark's fiscal year-end.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by reference to Trustmark's Proxy Statement (Schedule 14A) for its 2008 Annual Meeting of Shareholders to be filed with the SEC within 120 days of Trustmark's fiscal year-end.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

A-1. Financial Statements

The reports of KPMG LLP, independent registered public accounting firm, and the following consolidated financial statements of Trustmark Corporation and subsidiaries are included in the Registrant's 2007 Annual Report to Shareholders and are incorporated into Part II, Item 8 herein by reference:

- Consolidated Balance Sheets as of December 31, 2007 and 2006
- Consolidated Statements of Income for the Years Ended December 31, 2007, 2006 and 2005
- Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2007, 2006 and 2005
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2007, 2006 and 2005
- Notes to Consolidated Financial Statements (Notes 1 through 20)

A-2. Financial Statement Schedules

The schedules to the consolidated financial statements set forth by Article 9 of Regulation S-X are not required under the related instructions or are inapplicable and therefore have been omitted.

A-3. Exhibits

The exhibits listed in the Exhibit Index are filed herewith or are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRUSTMARK CORPORATION

BY: /s/ Richard G. Hickson
Richard G. Hickson
Chairman of the Board, President
& Chief Executive Officer

BY: /s/ Louis E. Greer
Louis E. Greer
Treasurer and Principal
Financial Officer

DATE: February 29, 2008

DATE: February 29, 2008

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

DATE:February 29, 2008	BY: <u>/s/ J. Kelly Allgood</u> J. Kelly Allgood, Director
DATE:February 29, 2008	BY: <u>/s/ Reuben V. Anderson</u> Reuben V. Anderson, Director
DATE:February 29, 2008	BY: <u>/s/ Adolphus B. Baker</u> Adolphus B. Baker, Director
DATE:February 29, 2008	BY: <u>/s/ William C. Deviney, Jr.</u> William C. Deviney, Jr., Director
DATE:February 29, 2008	BY: <u>/s/ C. Gerald Garnett</u> C. Gerald Garnett, Director
DATE:February 29, 2008	BY: <u>/s/ Daniel A. Grafton</u> Daniel A. Grafton, Director
DATE:February 29, 2008	BY: <u>/s/ Richard G. Hickson</u> Richard G. Hickson, Chairman, President, Chief Executive Officer and Director
DATE:February 29, 2008	BY: <u>/s/ John M. McCullouch</u> John M. McCullouch, Director
DATE:February 29, 2008	BY: <u>/s/ Richard H. Puckett</u> Richard H. Puckett, Director
DATE:February 29, 2008	BY: <u>/s/ R. Michael Summerford</u> R. Michael Summerford, Director
DATE:February 29, 2008	BY: <u>/s/ Kenneth W. Williams</u> Kenneth W. Williams, Director
DATE:February 29, 2008	BY: <u>/s/ William G. Yates, Jr.</u> William G. Yates, Jr., Director

EXHIBIT INDEX

2-a	Agreement and Plan of Reorganization by and among Trustmark Corporation and Republic Bancshares of Texas, Inc. Filed April 17, 2006, as Exhibit 2.1 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
2-b	First Amendment to Agreement and Plan of Reorganization by and among Trustmark Corporation and Republic Bancshares of Texas, Inc. Filed May 17, 2006, as Exhibit 2.1A to Trustmark's Form 8-K Current Report, incorporated herein by reference.
3-a	Articles of Incorporation, as amended, effective April 9, 2002. Filed as Exhibit A to Trustmark Corporation's Proxy Statement (Schedule 14A) for the Annual Meeting of Shareholders held April 9, 2002, incorporated herein by reference.
3-b	Bylaws, as amended, effective July 17, 2007. Filed as Exhibit 3.2 to Trustmark Corporation's Form 10-Q Quarterly Report for the quarterly period ended June 30, 2007, incorporated herein by reference.
4-a	Amended and Restated Trust Agreement among Trustmark Corporation, Wilmington Trust Company and the Administrative Trustees regarding Trustmark Preferred Capital Trust I. Filed August 21, 2006, as Exhibit 4.1 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
4-b	Junior Subordinated Indenture between Trustmark Corporation and Wilmington Trust Company. Filed August 21, 2006, as Exhibit 4.2 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
4-c	Guarantee Agreement between Trustmark Corporation and Wilmington Trust Company. Filed August 21, 2006, as Exhibit 4.3 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
4-d	Fiscal and Paying Agency Agreement between Trustmark National Bank and The Bank of New York Trust Company, N.A. regarding Subordinated Notes due December 15, 2016. Filed December 13, 2006, as Exhibit 4.1 to Trustmark's Form 8-K Current Report, incorporated herein by reference.
10-a	Deferred Compensation Plan for Executive Officers (Executive Deferral Plan-Group 2) of Trustmark National Bank, as amended. Filed as Exhibit 10-a to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007.
10-b	Deferred Compensation Plan for Directors of First National Financial Corporation acquired October 7, 1994. Filed as Exhibit 10-c to Trustmark's Form 10-K Annual Report for the year ended December 31, 1994, incorporated herein by reference.
10-c	Life Insurance Plan for Executive Officers of First National Financial Corporation acquired October 7, 1994. Filed as Exhibit 10-d to Trustmark's Form 10-K Annual Report for the year ended December 31, 1994, incorporated herein by reference.
10-d	Long Term Incentive Plan for key employees of Trustmark Corporation and its subsidiaries approved March 11, 1997. Filed as Exhibit 10-e to Trustmark's Form 10-K Annual Report for the year ended December 31, 1996, incorporated herein by reference.
10-e	Deferred Compensation Plan for Directors (Directors' Deferred Fee Plan) of Trustmark National Bank, as amended. Filed as Exhibit 10-e to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007.
10-f	Deferred Compensation Plan for Executives (Executive Deferral Plan-Group 1) of Trustmark National Bank, as amended. Filed as Exhibit 10-f to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007.
10-g	Trustmark Corporation Deferred Compensation Plan (Master Plan Document), as amended. Filed as Exhibit 10-g to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007.
10-h	Amended and Restated Employment Agreement between Trustmark Corporation and Richard G. Hickson dated October 23, 2007. Filed as Exhibit 10-h to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007.
10-i	Amended and Restated Change in Control Agreement between Trustmark Corporation and Gerard R. Host dated October 23, 2007. Filed as Exhibit 10-i to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007.
10-j	Amended and Restated Change in Control Agreement between Trustmark Corporation and Harry M. Walker dated October 23, 2007. Filed as Exhibit 10-j to Trustmark's Form 10-K Annual Report for the year ended December 31, 2007.
10-k	2005 Stock and Incentive Compensation Plan approved May 10, 2005. Filed as Exhibit 10-a to Trustmark's Form 10-Q Quarterly Report for the quarter ended March 31, 2005, incorporated by reference.
10-l	Form of Restricted Stock Agreement (under the 2005 Stock and Incentive Compensation Plan). Filed May 16, 2005, as Exhibit 10-b to Trustmark's Form 8-K Current Report, incorporated herein by reference.

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10-m	Form of Non-Qualified Stock Option Agreement for Director (under the 2005 Stock and Incentive Compensation Plan). Filed May 16, 2005, as Exhibit 10-c to Trustmark's Form 8-K Current Report, incorporated herein by reference.
10-n	Form of Non-Qualified Stock Option Agreement for Associate (under the 2005 Stock and Incentive Compensation Plan).). Filed May 16, 2005, as Exhibit 10-d to Trustmark's Form 8-K Current Report, incorporated herein by reference.
10-o	Termination Amendment to the Second Amended Trustmark Corporation 1997 Long Term Incentive Plan. File May 16, 2005, as Exhibit 10-e to Trustmark's Form 8-K Current Report, incorporated herein by reference.
10-p	Revised Form of Restricted Stock Agreement (under the 2005 Stock and Incentive Compensation Plan). Filed January 31, 2006, as Exhibit 10-b to Trustmark's Form 8-K Current Report, incorporated herein by reference.
10-q	Form of Time-Based Restricted Stock Agreement (under the 2005 Stock and Incentive Compensation Plan). Filed January 28, 2008, as Exhibit 10-q to Trustmark's Form 8-K Current Report, incorporated herein by reference.
13	Only those portions of the Registrant's 2007 Annual Report to Shareholders expressly incorporated by reference herein are included in this exhibit and, therefore, are filed as a part of this report on Form 10-K.
21	List of Subsidiaries.
23	Consent of KPMG LLP.
31-a	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31-b	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32-a	Certification by Chief Executive Officer pursuant to 18 U.S.C. ss. 1350.
32-b	Certification by Chief Financial Officer pursuant to 18 U.S.C. ss. 1350 .

All other exhibits are omitted, as they are inapplicable or not required by the related instructions.

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

**As Restated Effective as of December 31, 2007
(Group 2)**

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

**As Restated Effective as of December 31, 2007
(Group 2)**

PURPOSE AND EFFECTIVE DATE

The purpose of the Executive Deferral Plan of **Trustmark National Bank, Jackson, Mississippi** is to provide specified benefits to a select group of management and highly compensated Employees who contribute materially to the continued growth, development and future business success of **Trustmark National Bank, Jackson, Mississippi**. It is the intention of **Trustmark National Bank, Jackson, Mississippi** that this program and the individual plans established hereunder be administered as unfunded benefit plans established and maintained for a select group of management or highly compensated Employees. The effective date of this Plan is January 1, 1994. This Plan was last restated effective January 1, 1996. This Plan is further amended and restated as of December 31, 2007 in order to comply, where applicable, with the requirements of Code Section 409A (as defined below).

ARTICLE I

DEFINITIONS AND CONSTRUCTION

- 1.1 **Definitions**. For purposes of this Plan, the following phrases or terms shall have the indicated meanings unless otherwise clearly apparent from the context:
- (a) "**Actuarially Reduced**" shall mean the present value of Participant's Retirement Benefit as set forth in Item 3(a) of his or her Plan Agreement at the time of Participant's Early Retirement Date (or other applicable time) using a discount rate equal to the Aa Corporate Bond Rate as published by Moody's Investors Services, Inc. or its successor as of the date of Early Retirement (or other applicable date).
 - (b) "**Bank**" shall mean **Trustmark National Bank, Jackson, Mississippi** and any Subsidiary that duly adopts the Plan as provided in Article XIV hereof. Where the context dictates, the term "Bank" as used herein refers to the particular Bank that has entered into a Plan Agreement with a particular Participant.
 - (c) "**Beneficiary**" shall mean the person, persons or estate of a Participant, entitled to receive any benefits subsequent to the death of a Participant under a Plan Agreement entered into in accordance with the terms of this Plan.
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- (d) " Beneficiary Designation " shall mean the form of written agreement, attached hereto as Annex II, by which the Participant names the Beneficiary(ies) of the Plan.
 - (e) " Board of Directors " shall mean the Board of Directors of **Trustmark National Bank, Jackson, Mississippi** unless otherwise indicated or the context otherwise requires.
 - (f) " Code " shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, or the corresponding Section of any subsequent Internal Revenue Code, and, to the extent not inconsistent therewith, regulations issued thereunder.
 - (g) " Committee " shall mean the Human Resources Committee of the Board of Directors of the Holding Company (or any successor committee thereto) or any other committee appointed by the Board of Directors of the Bank in lieu thereof to manage and administer the Plan and individual Plan Agreements in accordance with the provisions of Article XII hereof.
 - (h) " Covered Salary " shall mean the amount specified in Item 1 of the Plan Agreement that is used as a basis for computation of Participant's Death and Retirement Benefits pursuant to the terms and conditions of the Plan.
 - (i) " Death Benefit " shall mean the benefit provided under Article III of the Plan.
 - (j) " Disability" or "Disabled " shall mean that a Participant is disabled as provided in Section 3.8.
 - (k) " Early Retirement Date " shall be the first day of the month next following the date of a Participant's Retirement prior to his or her Normal Retirement Date and following the month in which the Participant attains his or her fifty-fifth (55th) birthday and has completed five (5) full years of continuous employment as an Employee of the Bank commencing on the date of his or her commencement of participation in the Plan.
 - (l) " Election to Participate " shall mean the form of written agreement that will be executed and entered into between a Participant and the Bank specifying the amount of annual compensation to be deferred immediately following the date of execution of said "Election to Participate" and continuing thereafter under the terms of the Plan.
 - (m) " Employee " shall mean any person who is in the full time employment of the Bank or a Subsidiary, as determined by the personnel rules and practices of the Bank or the Subsidiary.
 - (n) " Employer(s) " shall be defined as follows:
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- (1) Except as otherwise provided in part (2) below, the term "Employer" shall mean the Bank and/or any Subsidiary (now in existence or hereafter formed or acquired) that duly adopts the Plan as provided in Article XIV hereof.
 - (2) For the purpose of determining whether a Participant has experienced a Separation from Service, the term "Employer" shall mean:
 - (A) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and
 - (B) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least eighty percent (80%) when applying, the applicable provisions of (i) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (ii) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).
 - (o) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time, and, to the extent not inconsistent therewith, regulations issued thereunder.
 - (p) "Holding Company" shall mean Trustmark Corporation.
 - (q) "Just Cause" shall mean theft, fraud, embezzlement or willful misconduct causing significant property damage to the Bank, the Holding Company or any Subsidiary or personal injury to another employee.
 - (r) "Normal Retirement Date" shall be the first day of the month following the month in which the Participant attains his or her sixty-fifth (65th) birthday.
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- (s) "Participant" shall mean an Employee who is selected and elects to participate in the Plan through the execution of a Plan Agreement in accordance with the provisions of Article II.
 - (t) "Plan" shall mean the Executive Deferral Plan of **Trustmark National Bank, Jackson, Mississippi** as amended from time to time.
 - (u) "Plan Agreement" shall mean the form of written agreement, attached hereto as Annex I, which is entered into from time to time by and between the Bank and an Employee selected to become a Participant as a condition to participation in the Plan. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled under the Plan, and the Plan Agreement bearing the latest date shall govern such entitlement.
 - (v) "Retirement" and "Retire" shall mean severance of employment with the Bank at or after the attainment of his or her Normal Retirement Date (sometimes referred to as "Normal Retirement") or, if earlier, at or after attainment of his or her Early Retirement Date (sometimes referred to as "Early Retirement"), in either case where Just Cause does not exist.
 - (w) "Retirement Benefit" shall mean the benefit provided under Article IV of the Plan.
 - (x) "Separation from Service" or "Separate from Service" shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:
 - (1) For a Participant who provides services to an Employer as an employee, except as otherwise provided in part (3) below, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an employee or as an independent contractor) will permanently decrease to less than fifty percent (50%) of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than thirty-six (36) months).
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If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

- (2) For a Participant who provides services to an Employer as an independent contractor, except as otherwise provided in part (3) below, a Separation from Service shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for such Employer, provided that the expiration of such contract(s) is determined by the Committee to constitute a good-faith and complete termination of the contractual relationship between the Participant and such Employer.
 - (3) For a Participant who provides services to an Employer as both an employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (1) and (2) above, respectively. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an employee, or (ii) ceases providing services for an Employer as an employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (1) and (2) above.
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Notwithstanding the foregoing provisions in this part (3), if a Participant provides services for an Employer as both an employee and as a member of the board of directors (a "Director"), to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an employee, and the services provided by such Participant as an employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director .

- (y) " Subsidiary " shall mean any business organization in which **Trustmark National Bank, Jackson, Mississippi** , directly or indirectly, owns an interest, excluding ownership interests **Trustmark National Bank, Jackson, Mississippi** may hold in their fiduciary capacities as trustee or otherwise, and any other business organization that the Board of Directors designates as a Subsidiary for purposes of this Plan, provided in each such case the business organization would be aggregated and treated as a single employer with **Trustmark National Bank, Jackson, Mississippi** under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least eighty percent (80%) when applying, the applicable provisions of (1) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (2) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).

1.2 Construction .

- (a) The masculine gender when used herein shall be deemed to include the feminine gender, and the singular may include the plural unless the context clearly indicates to the contrary. The words "hereof", "herein," "hereunder", and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular provision or section. Whenever the words "Article" or "Section" are used in this Plan, or a cross-reference to an "Article" or "Section" is made, the Article or Section referred to shall be an Article or Section of this Plan unless otherwise specified.
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(b) The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that “is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). Except with respect to Plan benefits not subject to Code Section 409A, the Plan shall be administered and interpreted (i) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (ii) in accordance with Code Section 409A and related Treasury guidance.

1.3 Applicability of Code Section 409A. It is intended that if no part of a Participant’s Retirement Benefit is earned or becomes vested after December 31, 2004 and there is no material modification with respect to such benefit which would cause it to become subject to Code Section 409A, then neither this Plan restatement nor Code Section 409A shall apply to such Participant’s Plan benefits, and the payment of such Participant’s Plan benefits shall be governed by the terms of the Plan as in effect on December 31, 2004.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

2.1 Eligibility and Participation. Participation in the Plan shall be frozen as of December 31, 2007, at which time it is anticipated that there will be only one Participant in the Plan. An Employee shall, as a condition precedent to participation herein, complete and return to the Committee a duly executed Plan Agreement and Election to Participate electing to participate herein and agreeing to the terms and conditions thereof, and by the execution thereof such Participant shall have agreed that all amounts deferred thereby shall be irrevocably deferred and that in lieu thereof the Participant shall be entitled solely to the benefits provided under this Plan. Any amendment thereto which affects the amounts contributed by the Participant to the Plan shall be completed and returned to the Committee at the time specified thereby, which must be prior to December 31st of the calendar year preceding the calendar year to which the amendment relates. Such Plan Agreement shall contain such further conditions as may be established and are determined in the sole discretion of the Committee.

ARTICLE III

DEATH BENEFIT

3.1 Amount and Payment of Death Benefit. If a Participant dies before Retirement and before his or her Retirement Benefit commences to be paid pursuant to Section 4.1(b) and the Plan is in effect at that time, the Bank will pay or cause to be paid a Death Benefit to such Participant's Beneficiary. The said Death Benefit shall be (i) one hundred percent (100%) of the Participant's Covered Salary as set forth in the Plan Agreement paid monthly for the next twelve (12) months after such death and (ii) seventy five percent (75%) of said Participant's Covered Salary paid monthly for the next one hundred and eight (108) months or until the Participant would have been age sixty-five (65), whichever is later. Such payments shall commence effective the first day of the month following the date of death.

Notwithstanding the immediately preceding paragraph of this Section 3.1, the Bank will pay or cause to be paid the Death Benefit specified therein only if:

- (a) At the time of the Participant's death prior to attaining his or her Normal Retirement Date:
 - (i) Such Participant was an Employee and had not Retired, or was Disabled or on an authorized leave of absence, his or her Retirement Benefit has not commenced to be paid pursuant to Section 4.1(b) and all deferrals and payments required to be made by such Participant under Sections 3.2 et. seq. have been made, or
 - (ii) Such required deferrals or payments were waived pursuant to Section 3.5 because of such Participant's Disability;
 - (b) The Participant's Plan Agreement had been kept in force throughout the period commencing on the date of such Plan Agreement and ending on the date of his or her death;
 - (c) The Participant's death was due to causes other than suicide within two (2) years of the date of his or her original Plan Agreement or within two (2) years of the date of any amendment to his or her Plan Agreement or any subsequent Plan Agreement resulting from additional benefits granted because of an increase in the Participant's Covered Salary; but the Participant's suicide shall relieve the Bank only of its obligation to pay that portion of the Death Benefit that was granted within two (2) years prior to the date of such suicide;
 - (d) The Participant's death is determined not to be from a bodily or mental cause or causes, information about which was withheld, or knowingly concealed, or falsely provided by the Participant when requested by the Bank to furnish evidence of good health upon the Participant's enrolling in the Plan or upon an application for an increase in benefits because of an increase in Participant's Covered Salary; and
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(e) Proof of death in such form as determined acceptable by the Committee is furnished.

- 3.2 Amount of Participant Deferral and Payments. In consideration for the Death Benefit selected in Participant's Plan Agreement, each Participant shall defer an amount of his or her compensation in such amounts and at such times as shall be determined by the Committee and as specified in his or her Election to Participate, and the Committee may change the amount of such deferral prospectively on a calendar year by calendar year basis, provided that any change is made prior to the beginning of the calendar year for which it is effective. If a Participant is authorized to take a leave of absence from his or her employment or, subject to the provisions of Section 3.5, is Disabled, the Participant shall be required to make payments to the Bank in accordance with Article III in order to maintain his or her Plan Agreement in force. A Participant's obligation to defer an amount of his or her compensation in accordance with this Article III or to make the payments required by this Article III shall be stated in his or her Plan Agreement and Election to Participate and shall continue during the term of his or her Plan Agreement or until the earlier of such Participant's death or attainment of his or her Normal Retirement Date. A Participant shall have the right, prospectively on a calendar year by calendar year basis, to increase or decrease the amount of his or her deferral initially selected by him by amending his or her Plan Agreement and Election to Participate in accordance with the rules adopted by the Committee for this purpose, provided that any change is agreed to prior to the beginning of the calendar year for which it is effective.
- 3.3 Time and Manner of Deferring or Making Payments. A Participant shall, in his or her Plan Agreement and Election to Participate, authorize the Employer to defer an amount of such Participant's compensation equal to the amount specified pursuant to Section 3.2. A Participant who is on authorized leave of absence or is Disabled and who is required to make the payments required in this Article III shall make such payments at such time and in such manner as the Committee shall provide; provided, however, that the Participant shall not continue to make such payments during any period in which a portion of his or her compensation is being deferred or such payments have been waived pursuant to Section 3.5.
- 3.4 Participant Deferrals and Payments - Use and Forfeitability. The amount of each Participant's compensation deferred pursuant to Sections 3.2 and 3.3 shall be and remain solely the property of the Bank and the amount collected by the Bank pursuant to Sections 3.2 and 3.3 from each Participant who is on an authorized leave of absence or disabled shall be and become solely the property of the Bank, and a Participant shall have no right thereto, nor shall the Bank be obligated to use such amounts in any specific manner. Except as provided in Article IV, if a Participant's death occurs under circumstances other than those specified in Section 3.1, no benefit shall be payable hereunder or under his or her Plan Agreement to his or her Beneficiary or any other person or entity on his or her behalf, and any payments made by such Participant under Sections 3.2 and 3.3 shall be forfeited.
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- 3.5 Waiver of Participant Deferral or Payments. If a Participant becomes Disabled before attaining his or her Normal Retirement Date, if such Disability continues for more than three (3) months, and if the Disability benefit specified in Item 4 of the Participant's Plan Agreement is in effect, such Participant shall not be required to defer a portion of his or her compensation pursuant to Sections 3.2 and 3.3 or make the payments provided for in Sections 3.2 and 3.3, commencing with the fourth (4th) month following the date of such Disability and continuing thereafter for as long as such Disability continues.
- 3.6 Required Payments and Leave of Absence. If a Participant is authorized by the Bank for any reason, including military, medical or other, to take a leave of absence, such Participant shall be required to make payments in order to maintain his or her Plan Agreement in force (first out of his or her compensation during such leave of absence and, if his or her compensation is insufficient, from his or her personal assets). Such required payments shall be an amount equal to the amount of the Participant's compensation that is to be deferred under the terms of his or her Plan Agreement and Election to Participate. A Participant required to make payments under this Section 3.6 shall continue making such required payments until the earlier of (i) the date he or she returns to his or her duties following the leave of absence, (ii) the date such payments are waived pursuant to Section 3.5, or (iii) the effective date that he or she enters into a new Plan Agreement and Election to Participate. If a Participant's payments are waived pursuant to Section 3.5 and subsequently the Participant returns to his or her duties, he or she shall be required to resume deferring his or her compensation, in the amount specified above.
- 3.7 Failure to Make Required Payments. Failure to make payments required by Section 3.6 shall cause Participant's Plan Agreement to terminate without the necessity of any notice from either party to the other. From and after such termination, except as provided in Section 4.6 hereof, neither party shall have any further obligation to the other party under this Plan or such Plan Agreement.
- 3.8 Disability.
- (a) If a Participant becomes Disabled before attaining his or her Normal Retirement Date and subsequently dies before Retirement and before his or her Retirement Benefit commences to be paid pursuant to Section 4.1(b) and while the waiver described in Section 3.5 is in effect, the Death Benefit provided in this Article III shall be paid. If a Participant Retires while the waiver described in Section 3.5 after becoming Disabled or attains his or her Normal Retirement Date or commences to be paid pursuant to Section 4.1(b), the Retirement Benefit provided in Article IV shall be paid.
 - (b) For purposes hereof, either Disability and Disabled means unable to engage in any substantial gainful activity (1) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (2) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, where the Participant is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant's Employer, provided that the definition of "disability" applied under such disability insurance program complies with the requirements hereof.
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Notwithstanding the foregoing, a Participant will not be considered Disabled unless:

- (1) such Disability was not either intentionally self-inflicted or caused by illegal or criminal acts of the Participant;
- (2) the Participant was an Employee at the time he or she became Disabled (or was then on an authorized Leave of Absence) and had made all payments required hereunder; and
- (3) the Participant's Plan Agreement has been kept in force until the time of such Disability; and
- (4) the Committee has approved the waiver of such fee and such waiver is so noted in the Participant's Plan Agreement.

The determination of what constitutes a Disability or being Disabled and the cessation of being Disabled for purposes of this Section 3.8 shall be made by the Committee, in its sole and absolute discretion, and such determination shall be conclusive.

ARTICLE IV

RETIREMENT BENEFIT

4.1 Payment at Normal Retirement Date.

- (a) Subject to Section 4.1(b) and Section 4.7, if a Participant has remained an Employee until his or her Normal Retirement Date and shall then Retire, and if the Plan and his or her Plan Agreement have been kept in force, the Bank shall pay or cause to be paid to such Participant, as a Retirement Benefit (herein so called), the amount per month specified in his or her Plan Agreement as a Retirement Benefit. Payment of such monthly amount shall commence on the Participant's Normal Retirement Date and shall continue for the life of the Participant. If such Participant shall die before receiving one hundred and twenty (120) monthly payments, the Retirement Benefit will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of one hundred and twenty (120) monthly payments has been paid to the Participant and his or her Beneficiary.
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- (b) This Section 4.1(b) shall apply, effective January 1, 2008, notwithstanding any other provisions of the Plan other than Section 4.7(b). In lieu of payment pursuant to the other applicable provisions of this Article IV, if (1) any portion of a Participant's Retirement Benefit is earned or becomes vested after December 31, 2004 and is thus subject to Code Section 409A, (2) such a Participant has remained an Employee until his or her Normal Retirement Date (or, if later, until December 31, 2007), and (3) the Plan and such Participant's Plan Agreement have been kept in force until such time, the Retirement Benefit of such a Participant shall commence to be paid on the Participant's Normal Retirement Date (or if later, on January 1, 2008) and shall continue for the life of the Participant. The amount of such monthly payment shall be the amount per month specified in the Participant's Plan Agreement on the Participant's Normal Retirement Date (increased where applicable for interest at the rate of four percent (4%), or such other rate as the Committee may determine from time to time, per annum, compounded annually, to the Participant's Normal Retirement Date (or if later, to January 1, 2008)). If such Participant shall die before receiving one hundred and twenty (120) monthly payments, the Retirement Benefit will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of one hundred and twenty (120) monthly payments has been paid to the Participant and his or her Beneficiary. Notwithstanding any other provisions of the Plan, in the event a Participant commences to receive his or her Retirement Benefit pursuant to this Section 4.1(b), there shall be no further accrual of, or any increase to, the Participant's Retirement Benefit under the Plan after the Participant's Normal Retirement Date (or, if later, December 31, 2007) unless the Committee provides for the same in a Participant's Plan Agreement (in which case any additional accrual for a year shall commence to be paid on the next anniversary date of the Participant's Normal Retirement Date and shall be payable for the Participant's life, but there shall be no extension of the one hundred and twenty (120) monthly payment period for Retirement Benefits).
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4.2 Early Retirement.

- (a) Subject to Section 4.7, if a Participant has remained an Employee until his or her Early Retirement Date and shall then Retire, and if the Plan and his or her Plan Agreement have been kept in force, the Bank shall pay or cause to be paid to such Participant an Early Retirement Benefit commencing as of the Participant's Early Retirement Date. In such event, the Participant's monthly Early Retirement Benefit shall be the Retirement Benefit set forth in his or her Plan Agreement Actuarially Reduced to the Participant's Early Retirement Date. The said reduced monthly amount, payable for life shall be the only benefit to which such Participant is entitled. If Participant shall die before receiving one hundred and twenty (120) installments after commencement of the Early Retirement Benefit, said amount will be continued to Participant's Beneficiary as set forth in the Beneficiary Designation until a total of one hundred and twenty (120) installments have been paid to the Participant and his or her Beneficiary.
- (b) A Participant, in connection with his or her commencement of participation in the Plan (or, if later, by December 31, 2008) and consistent with the payment election rules of Code Section 409A (including that the election does not cause amounts otherwise to be paid in the calendar year of election to be deferred to a later calendar year and does not cause amounts otherwise to be paid later than the calendar year of election to be paid in the calendar year of election), may irrevocably elect in his or her Plan Agreement (or in a supplement thereto) to decline to receive his or her Retirement Benefit as an Early Retirement Benefit, in which event his or her Retirement Benefit shall be paid at his or her Normal Retirement Date pursuant to Section 4.1 (subject to acceleration in the event of the Participant's death after Retiring on Early Retirement) and shall not commence to the Participant upon or in connection with his or her Early Retirement.

If such a Participant dies before attainment of his or her Normal Retirement Date, the monthly amount will be paid to Participant's Beneficiary as set forth in Participant's Beneficiary Designation for one hundred and twenty (120) months. Such payments shall commence effective the first day of the month following the date of death, provided that the commencement may be delayed until the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death.

- 4.3 Post Retirement Death Benefit. If a Participant dies after Retirement or commencement of his or her Retirement Benefit pursuant to Section 4.1(b), but before the applicable Retirement Benefit is paid in full, the unpaid Retirement Benefit payments to which such Participant is entitled shall continue and be paid to that Participant's Beneficiary. Such payments shall be made in accordance with the payment schedule to that Participant pursuant to Section 4.1 or 4.2 of the Plan.
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4.4 Exclusivity of Post Retirement Death Benefit. No Death Benefit as defined in Article III shall be paid to the Beneficiary of a Participant who dies after Retirement or commencement of his or her Retirement Benefit pursuant to Section 4.1(b).

4.5 Accrual of Retirement Benefit. A Participant who ceases to be an Employee before completion of one (1) full year of participation in the Plan, except as a result of death, Retirement, or Disability, or as a result of Just Cause at any time shall not be entitled to any benefits hereunder and the Bank shall have no obligation hereunder to such Participant.

4.6 Deferred Termination Benefit. A Participant who ceases to be an Employee after the completion of one (1) full year of participation in the Plan and for reasons other than Retirement or Just Cause shall receive a portion of his or her monthly Retirement Benefit upon the earlier of (i) the Participant's death or (ii) attainment of his or her Normal Retirement Date. Said portion shall be the monthly amount of the Retirement Benefit set forth in the Participant's Plan Agreement multiplied by a fraction, not to exceed one (1), the numerator of which is the number of whole years said Employee was a Participant in the Plan and the denominator of which is fifteen (15). The resulting reduced monthly amount shall be the only benefit to which such Participant is entitled. Subject to Section 4.7, the reduced monthly amount will be payable for life, if Participant so survives, commencing at the Participant's Normal Retirement Date. If such Participant shall die before receiving one hundred and twenty (120) monthly payments, the reduced amount will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of one hundred and twenty (120) monthly payments has been paid to the Participant and his or her Beneficiary.

If such a Participant dies before attainment of his or her Normal Retirement Date, the reduced monthly amount will be paid to Participant's Beneficiary as set forth in Participant's Beneficiary Designation for one hundred and twenty (120) months. Such payments shall commence effective the first day of the month following the date of death, provided that the commencement may be delayed until the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death. No Death Benefit as defined in Article III shall be paid to the Beneficiary of such a Participant who dies before attainment of his or her Normal Retirement Date.

4.7 Deferral of Payment Commencement to Comply with Code Section 409A or to Avoid Non-Deductibility under Code Section 162(m).

- (a) Notwithstanding any other provisions of the Plan, if a Participant becomes entitled to be paid his or her Retirement Benefit which is considered to be nonqualified deferred compensation for purposes of, and which is subject to, Code Section 409A (taking into account all applicable exclusions and exemptions thereunder) by reason of his or her Retirement or other Separation from Service (which term does not include separation by reason of death or Disability), the following shall apply: (1) such Participant shall not commence to be paid his or her Retirement Benefit until he or she is considered to have a Separation from Service; and (2) where payment commences on account of the Participant's Separation from Service, commencement of payment of his or her Retirement Benefit shall be delayed until six (6) months after such Separation from Service or, if earlier, the Participant's death (the "409A Deferral Period"). In the event payments are delayed by clause (2) of the preceding sentence, the payments otherwise due to be made in installments or periodically during the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends (together with interest thereon based on the interest rate used to determine an Actuarially Reduced payment as of the date of his or her Separation from Service), and the balance of the payments shall thereafter be made as otherwise scheduled.
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- (b) If the Bank's deduction with respect to any distribution from this Plan to a Participant would be limited or eliminated by application of Code Section 162(m), then to the extent permitted by Treas. Reg. §1.409A-2(b)(7)(i), payment shall be delayed as deemed necessary to ensure that the entire amount of any distribution from this Plan to the Participant is deductible. Any amounts for which distribution is delayed pursuant to this provision shall continue to be credited with interest thereon based on the interest rate used to determine an Actuarially Reduced payment. The delayed amounts (and any interest credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Bank reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In the event that such date is determined to be after a Participant's Separation from Service, then the payment to the Participant will be considered made on account of a Separation from Service and must comply with the six (6) month delay in payment required by Section 4.7(a) following such Participant's Separation from Service.

ARTICLE V

BENEFICIARY

A Participant shall designate his or her Beneficiary to receive benefits under the Plan and his or her Plan Agreement by completing the Beneficiary Designation. If more than one Beneficiary is named, the shares and/or precedence of each Beneficiary shall be indicated. A Participant shall have the right to change the Beneficiary by submitting to the Committee a new Beneficiary Designation. The Beneficiary Designation must be approved in writing by the Bank; however, upon the Bank's acknowledgment of approval, the effective date of the Beneficiary Designation shall be the date it was executed by the Participant. If the Bank has any doubt as to the proper Beneficiary to receive payments hereunder, it shall have the right to withhold such payments until the matter is finally adjudicated. Any payment made by the Bank in good faith and in accordance with the provisions of this Plan and a Participant's Plan Agreement and Beneficiary Designation shall fully discharge the Bank from all further obligations with respect to such payment.

ARTICLE VI

SOURCE OF BENEFITS

- 6.1 Benefits Payable from General Assets . Amounts payable hereunder shall be paid exclusively from the general assets of the Bank, and no person entitled to payment hereunder shall have any claim, right, security interest, or other interest in any fund, trust, account, or other asset of the Bank that may be looked to for such payment. The Bank's liability for the payment of benefits hereunder shall be evidenced only by this Plan and each Plan Agreement entered into between the Bank and a Participant.
- 6.2 Investments to Facilitate Payment of Benefits . Although the Bank is not obligated to invest in any specific asset or fund in order to provide the means for the payment of any liabilities under this Plan, the Bank may elect to do so and, in such event, no Participant shall have any interest whatever in such asset or fund. As a condition precedent to the Bank's obligation to provide any benefits, including incremental increases in benefits, under this Plan, the Participant shall, if so requested by the Bank, provide evidence of insurability at standard and other rates, in such amounts, and with such insurance carrier or carriers as the Bank may require, including the results and reports of previous Bank and other insurance carrier physical examinations, taking such additional physical examinations as the Bank may request, and taking any other action that the Bank may request, and shall consent to the Bank's acquisition of insurance on his or her life. If a Participant is requested to and does not or cannot provide evidence of insurability as specified in the immediately preceding sentence, then the Bank shall have no further obligation to such Participant under this Plan, and such Participant's Plan Agreement shall terminate, except as to benefits previously granted. Notwithstanding the foregoing, if a Participant cannot provide evidence of insurability at standard rates or for the amounts initially contemplated in connection with his or her participation in the Plan, the Bank may, at its discretion, permit the Participant to participate herein for such benefits and upon such deferral of his or her compensation as the Bank may, in its sole discretion, deem appropriate in a manner which is not violative of Code Section 409A and is set out in his or her Plan Agreement.
- The Participant also understands and agrees that his or her participation, in any way, in the acquisition of any such insurance policy or any other general asset by the Bank shall not constitute a representation to the Participant, his or her Beneficiary, or any person claiming through the Participant that any of them has a special or beneficial interest in such general asset.
- 6.3 Bank Obligation . The Bank shall have no obligation of any nature whatsoever to a Participant under this Plan or a Participant's Plan Agreement, except otherwise expressly provided herein and in such Plan Agreement.
- 6.4 Withholding of Information, Etc . If, in connection with a Participant's enrolling in or applying for incremental benefit increases under the Plan, the Bank requests the Participant to furnish evidence of insurability, the Participant dies, and it is determined that the Participant withheld, knowingly concealed, or knowingly provided false information about the bodily or mental condition or conditions that caused the Participant's death, the Bank shall have no obligation to provide the benefits contracted for on the basis of such withholding, concealment, or false information.
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ARTICLE VII

TERMINATION OF EMPLOYMENT

Neither this Plan nor a Participant's Plan Agreement, either singly or collectively, in any way obligate the Bank to continue the employment of a Participant with the Bank nor does either limit the right of the Bank at any time and for any reason to terminate the Participant's employment. Termination of a Participant's employment with the Bank for any reason, whether by action of the Bank, shall immediately terminate his or her participation in this Plan and his or her Plan Agreement, and all further obligations of either party thereunder, except as may be provided in Section 4.6. In no event shall this Plan or a Plan Agreement, either singly or collectively, by their terms or implications constitute an employment contract of any nature whatsoever between the Bank and a Participant.

ARTICLE VIII

TERMINATION OF PARTICIPATION

- 8.1 Termination of Participation - General . A Participant reserves the right to terminate his or her participation in this Plan and his or her Plan Agreement at his or her election at any time by giving the Committee written notice of such termination not less than thirty (30) days prior to an anniversary date of the date of execution of his or her Plan Agreement. A Participant's termination shall be effective as soon as administratively convenient after such anniversary date. If a Participant terminates his or her participation in the Plan, such participation termination must not be violative of Code Section 409A and, in the case of a Participant who has agreed to a deferral of compensation pursuant to the Plan, must be effected as of the beginning of a calendar year, or as of a specified date is a calendar year, following the calendar year in which the Participant delivers written notice of his or her participation termination to the Committee.
- 8.2 Rights After Termination of Participation . Participants who elect to terminate participation in the Plan after one (1) full year of participation but before eligibility for Retirement will be entitled to the same benefits as a Participant who ceases to be an Employee as described in Section 4.6. Such Participants will not be entitled to a Death Benefit under Article III.
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ARTICLE IX

TERMINATIONS, AMENDMENTS, MODIFICATION OR

SUPPLEMENT OF PLAN

9.1 Termination Amendment, Etc. The Bank reserves the right to terminate, amend, modify or supplement this Plan, wholly or partially, and from time to time, at any time. The Bank likewise reserves the right to terminate, amend, modify, or supplement any Plan Agreement, wholly or partially, from time to time. Such right to terminate, amend, modify, or supplement this Plan or any Plan Agreement shall be exercised for the Bank by the Committee; provided, however, that:

- (a) Except as deemed appropriate to comply with Code Section 409A, no action to terminate this Plan or a Plan Agreement shall be taken except upon written notice to each Participant to be affected thereby, which notice shall be given not less than thirty (30) days prior to such action; and
- (b) The Committee shall take no action to terminate this Plan or a Plan Agreement with respect to a Participant or his or her Beneficiary after the payment of any benefit has commenced in accordance with Article III or Article IV but has not been completed.

Notwithstanding the foregoing, the Bank may not provide for acceleration in payment of any Plan benefit subject to Code Section 409A upon termination of the Plan, or for termination of any compensation deferral by a Participant pursuant to the Plan in connection with the termination of the Plan, unless it does so subject to and in accordance with any rules established by it deemed necessary to comply with the applicable requirements and limitations of Code Section 409A and Treas. Reg. §1.409A-3(j)(4)(ix).

9.2 Rights and Obligations Upon Termination. Upon the termination of this Plan or any Plan Agreements, by either the Committee or a Participant in accordance with the provisions for such termination, neither this Plan nor the Plan Agreement shall be of any further force and effect, and no party shall have any further obligation under either this Plan or any Plan Agreement so terminated except as may be provided for in Section 4.6, Section 9.3, or the provisions of this Article IX.

9.3 Revocation. In the event Participant is discharged for Just Cause at any time, his or her Plan Agreement shall be terminated and considered null and void with neither the Participant nor Participant's Beneficiary having any claim or right against Bank under this Plan or the Participant's Plan Agreement thereafter.

ARTICLE X

OTHER BENEFITS AND AGREEMENTS

The benefits provided for a Participant and his or her Beneficiary hereunder and under such Participant's Plan Agreement are in addition to any other benefits available to such Participant under any other program or plan of the Bank for its Employees, and, except as may otherwise be expressly provided for, this Plan and Plan Agreements entered into hereunder shall supplement and shall not supersede, modify, or amend any other program or plan of the Bank or a Participant. Moreover, benefits under this Plan and Plan Agreements entered into hereunder shall not be considered compensation for the purpose of computing deferrals or benefits under any plan maintained by the Bank that is qualified under Code Section 401(a).

ARTICLE XI

RESTRICTIONS ON ALIENATION OF BENEFITS

No right or benefit under this Plan or a Plan Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder or under any Plan Agreement shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant or Beneficiary under this Plan or a Plan Agreement should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right to a benefit hereunder or under any Plan Agreement, then such right or benefit shall, in the discretion of the Committee, terminate, and, in such event, the Committee shall hold or apply the same or any part thereof for the benefit of such Participant or Beneficiary, his or her spouse, children, or other dependents, or any of them, in such manner and in such portion as the Committee, in its sole and absolute discretion, may deem proper.

ARTICLE XII

ADMINISTRATION OF THIS PLAN

- 12.1 Appointment of Committee. The general administration of this Plan, and any Plan Agreements executed hereunder, as well as construction and interpretation thereof, shall be vested in the Committee, the number and members of which shall be designated and appointed from time to time by, and shall serve at the pleasure of, the Board of Directors. Any such member of the Committee may resign by notice in writing filed with the secretary of the Committee. Vacancies shall be filled promptly by the Board of Directors but any vacancies remaining unfilled for ninety days may be filled by a majority vote of the remaining members of the Committee. Each person appointed a member of the Committee shall signify his or her acceptance by filing a written acceptance with the secretary of the Committee.
- 12.2 Committee Officials. The Board of Directors shall designate one of the members of the Committee as chairman and shall appoint a secretary who need not be a member of the Committee. The secretary shall keep minutes of the Committee's proceedings and all data, records and documents relating to the Committee's administration of this Plan and any Plan Agreements executed hereunder. The Committee may appoint from its number such subcommittees with such powers as the Committee shall determine and may authorize one or more of its members or any agent to execute or deliver any instrument or make any payment on behalf of the Committee.
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- 12.3 Committee Action . All resolutions or other actions taken by the Committee shall be by the vote of a majority of those members 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.
- 12.4 Committee Rules and Powers - General . Subject to the provisions of this Plan, the Committee shall from time to time establish rules, forms, and procedures for the administration of this Plan, including Plan Agreements. The Committee shall have the exclusive right to determine, among other matters, (i) Disability with respect to a Participant and (ii) the degree thereof, either or both determinations to be made on the basis of such medical and/or other evidence that the Committee, in its sole and absolute discretion, may require. Such decisions, actions, and records of the Committee shall be conclusive and binding upon the Bank and all persons having or claiming to have any right or interest in or under this Plan.
- 12.5 Reliance on Certificate, Etc. . The members of the Committee and the officers and directors of the Bank 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. Such legal counsel may be counsel for the Bank.
- 12.6 Liability of Committee . No member of the Committee shall be liable for any act or omission of any other member of the Committee, or for any act or omission on his or her own part, excepting only his or her own willful misconduct. The Bank shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his or her membership on the Committee, excepting only expenses and liabilities arising out of his or her own willful misconduct. 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 may be entitled as a matter of law.
- 12.7 Determination of Benefits . In addition to the powers hereinabove specified, the Committee shall have the power to compute and certify, under this Plan and any Plan Agreement, the amount and kind of benefits from time to time payable to Participants and their Beneficiaries, and to authorize all disbursements for such purposes.
- 12.8 Information to Committee . To enable the Committee to perform its functions, the Bank shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death or other cause for termination of employment, and such other pertinent facts as the Committee may require.
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- 12.9 Manner and time of Payment of Benefits . The Committee shall have the power, in its sole and absolute discretion, to change the manner and time of payment of benefits to be made to a Participant or his or her Beneficiary from that set forth in the Participant's Plan Agreement if requested to do so by such Participant or Beneficiary.

ARTICLE XIII

NAMED FIDUCIARY AND CLAIMS PROCEDURE

- 13.1 Named Fiduciary . The Named Fiduciary of the Plan for purposes of the claims procedure under this Plan is the Chief Financial Officer; provided, however, that if the claim relates to a Plan benefit of the Chief Financial Officer, the Named Fiduciary shall be the person or committee designated by the Bank.
- 13.2 Right to Change Named Fiduciary . The Bank shall have the right to change the Named Fiduciary created under this Plan. The Bank shall also have the right to change the address and telephone number of the Named Fiduciary. The Bank shall give the Participant written notice of any change of the Named Fiduciary, or any change in the address and telephone number of the Named Fiduciary.
- 13.3 Procedure for Claims . Benefits shall be paid in accordance with the provisions of this Plan. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Named Fiduciary a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. The written claim shall be mailed or delivered to the Named Fiduciary. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within one hundred and eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.
- 13.4 Notification of Denial of Claim . The Named Fiduciary shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Named Fiduciary determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Fiduciary expects to render the benefit determination. The Named Fiduciary shall notify the Claimant in writing:
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- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (b) that the Named Fiduciary has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
 - (1) the specific reason(s) for the denial of the claim, or any part of it;
 - (2) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (3) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
 - (4) an explanation of the claim review procedure set forth in Section 13.5 below; and
 - (5) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

13.5 Review of a Denied Claim. On or before sixty (60) days after receiving a notice from the Named Fiduciary that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Named Fiduciary a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

- (a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;
- (b) may submit written comments or other documents; and/or
- (c) may request a hearing, which the Named Fiduciary, in its sole discretion, may grant.

13.6 Decision on Review. The Named Fiduciary shall render its decision on review promptly, and no later than sixty (60) days after the Named Fiduciary receives the Claimant's written request for a review of the denial of the claim. If the Named Fiduciary determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Fiduciary expects to render the benefit determination. In rendering its decision, the Named Fiduciary shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and
- (d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

13.7 Legal Action . A Claimant's compliance with the foregoing provisions of this Article XIII is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE XIV

ADOPTION OF PLAN BY SUBSIDIARY,

AFFILIATED OR ASSOCIATED COMPANIES

Any corporation that is a Subsidiary may, with the approval of the Board of Directors, adopt this Plan and thereby come within the definition of Bank in Article I hereof.

ARTICLE XV

MISCELLANEOUS

15.1 Execution of Receipts and Releases . Any payment to any Participant, a Participant's legal representative, or Beneficiary in accordance with the provisions of this Plan or Plan Agreement executed hereunder shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Bank. The Bank may require such Participant, legal representative, or Beneficiary, as a condition precedent to such payment, to execute a receipt and release therefore in such form as it may determine.

15.2 No Guarantee of Interests . Neither the Committee nor any of its members guarantees the payment of any amounts which may be or become due to any person or entity under this Plan or any Plan Agreement executed hereunder. The liability of the Bank to make any payment under this Plan or any Plan Agreement executed hereunder is limited to the then available assets of the Bank.

- 15.3 Bank Records . Records of the Bank as to a Participant's employment, termination of employment and the reason therefor authorized leaves of absence, and compensation shall be conclusive on all persons and entities, unless determined to be incorrect.
- 15.4 Evidence . Evidence required of anyone under this Plan and any Plan Agreement executed hereunder may be by certificate, affidavit, document, or other information which the person or entity acting on it considers pertinent and reliable, and signed, made, or presented by the proper party or parties.
- 15.5 Notice . Any notice which shall be or may be given under this Plan or a Plan Agreement executed hereunder shall be in writing and shall be mailed by United States mail, postage prepaid. If notice is to be given to the Bank, such notice shall be addressed to the Bank at:

Trustmark National Bank, Jackson, Mississippi
Box 291
Jackson, Mississippi 39205

marked to the attention of the Secretary, Administrative Committee, Executive Deferral Plan; or, if notice to a Participant, addressed to the address shown on such Participant's Plan Agreement.

- 15.6 Change of Address . Any party may, from time to time, change the address to which notices shall be mailed by giving written notice of such new address.
- 15.7 Effect of Provisions . The provisions of this Plan and of any Plan Agreement executed hereunder shall be binding upon the Bank and its successors and assigns, and upon a Participant, his or her Beneficiary, assigns, heirs, executors, and administrators.
- 15.8 Headings . The titles and headings of Articles and Sections are included for convenience of reference only and are not to be considered in the construction of the provisions hereof or any Plan Agreement executed hereunder.
- 15.9 Governing Law . All questions arising with respect to this Plan and any Plan Agreement executed hereunder shall be determined by reference to the laws of the State of Mississippi, as in effect at the time of their adoption and execution, respectively.

COMPLETE

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

PLAN AGREEMENT

I acknowledge that, as an Employee of **Trustmark National Bank, Jackson, Mississippi**, I have been offered an opportunity to participate in the Executive Deferral Plan ("Plan"), as described in the attached document, in the forthcoming year and that I have irrevocably elected one of the two alternatives set forth as indicated by the space which I have checked:

_____ To participate in the Plan, in which case I acknowledge and agree that my last Election to Participate remains in effect.

_____ Not to participate in the Plan.

Participant's Covered Salary and benefits under the Plan are agreed to be as follows:

1. **Participant's Covered Salary:** \$ _____ per month.

This represents ___% of the Covered Salary made available for computation of Retirement and Death Benefits.

2. **Death Benefit (Article III of Plan):**

\$ _____ per month for first twelve (12) months.

\$ _____ per month for next one hundred and eight (108) months or until Participant would have attained his or her Normal Retirement Date, whichever is later.

3. **Retirement Benefit (Article IV of Plan):**

(a) Retirement at Normal Retirement Date: \$ _____ per month for life. If Participant shall die prior to receiving one hundred and twenty (120) monthly payments, said amount shall be continued to Participant's Beneficiary in accordance with Beneficiary Designation until the balance of the one hundred and twenty (120) monthly payments has been paid.

(b) Retirement before Normal Retirement Date: Amounts to be determined and paid as specified by Section 4.2(a) of the Plan unless an election is made below to be paid at Participant's Normal Retirement Date:

_____ I elect that, if I retire on Early Retirement under the Plan, my Retirement Benefit will commence at my Normal Retirement Date (rather than 6 months after my Early Retirement Date as provided in Section 4.2(a) of the Plan) or, if earlier, after my death as provided in Section 4.2(b) of the Plan.

(c) Termination Benefit: Amounts to be determined and paid as specified by Section 4.6 of the Plan.

4. **Disability Waiver (Article III of Plan):** In the event of Disability (as defined in Section 1.1 of the Plan), Participant's deferral shall be waived pursuant to Section 3.5 of the Plan.

5. **Participant Contributions (Article III of Plan):** The Participant's deferral from compensation with respect to the Death Benefit under Article III of the Plan is

\$ _____ per month.

The Participant hereby authorizes the Employer to reduce his or her compensation by the amount specified in the immediately preceding sentence (which he or she previously agreed to) and which he or she acknowledges and agrees shall remain in effect as of January 1, 2008 and shall continue thereafter until no longer required to do so pursuant to the applicable provisions of the Plan.

The Participant hereby agrees, in the event that the Participant is on an authorized leave of absence or Disabled (as defined in Section 1.1 of the Plan), to make payment to the Bank of said amounts as provided in the Plan.

I understand and further acknowledge that if I terminate the relationship with the above-named Bank or terminate participation in the Plan by terminating this Plan Agreement prior to my Retirement (as defined in Section 1.1 of the Plan) or commencement of my Retirement Benefit payment pursuant to Section 4.1(b) of the Plan, except as provided in Section 4.6 of the Plan, I will forfeit my right to receive any benefits under the Plan and that all payments that I have made under the Plan (in accordance with Article III thereof and Item 5 above) will be forfeited.

I further acknowledge that any rights I or any Beneficiary have shall be solely those of an unsecured-creditor of the Bank. If the Bank shall purchase an insurance policy or any other asset in connection with the liabilities assumed by it hereunder, then, except as otherwise expressly provided, such policy or other assets shall not be deemed to be held under any trust for my benefit or the benefit of my Beneficiary or to be collateral security for the performance of the obligations of the Bank, but shall be, and remain, a general, unpledged, unrestricted asset of the Bank.

I further acknowledge that neither the Bank nor any of its subsidiaries, affiliated companies, officers, employees or agents has any responsibility whatsoever for any changes which I may make in other personal plans or programs as a result of my decision regarding the Plan and they are fully released to such extent, and I understand that the Plan and this Plan Agreement may be terminated at any time, in the sole discretion of the Bank, without any obligation of any nature whatsoever to the Bank, except a Participant shall have those rights provided for in Articles III, IV, VIII and IX of said Plan, to the extent such may be applicable to him or her at the time of such termination.

20 __. IN WITNESS WHEREOF, TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI has executed this Plan Agreement as of __,

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

By

Title _____

PARTICIPANT

(Signature)

(Type or print name)

(Address of Participant)

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

BENEFICIARY DESIGNATION

1. Participant: _____

2. Scope: This Beneficiary Designation applies to all benefits of the Plan to which the above-named Participant has the right to name the Beneficiary.

3. COUNSEL: THE DESIGNATION OF A BENEFICIARY OR BENEFICIARIES IN ITEMS 4, 5, AND 6 BELOW MAY HAVE SIGNIFICANT ESTATE AND GIFT TAX CONSEQUENCES TO THE PARTICIPANT. ACCORDINGLY, THE PARTICIPANT SHOULD SEEK THE ADVICE OF PROFESSIONAL COUNSEL WHO IS FAMILIAR WITH THE ESTATE AND GIFT TAX ASPECTS OF NONQUALIFIED RETIREMENT AND SALARY CONTINUATION PLANS BEFORE COMPLETING THIS FORM.

4. Identification of Beneficiaries:

A. Primary Beneficiary: _____

B. Secondary Beneficiary: _____

5. Methods of Payment (Check One):

_____ Alternative 1. Beneficiary shall mean the Primary Beneficiary if such Primary Beneficiary survives Participant, and shall mean the Primary Beneficiary's estate if such Primary Beneficiary survives Participant but thereafter dies. The term Beneficiary shall mean the Secondary Beneficiary if the Primary Beneficiary fails to survive Participant, and shall mean the Secondary Beneficiary's estate when the Secondary Beneficiary thereafter dies. If both the Primary and Secondary Beneficiaries fail to survive Participant, the term Beneficiary shall mean the Participant's estate.

_____ Alternative 2. Beneficiary shall mean the Primary Beneficiary if such Primary Beneficiary survives Participant, and shall mean the Secondary Beneficiary if either the Primary Beneficiary fails to survive Participant or the Primary Beneficiary survives Participant but thereafter dies. If both the Primary and Secondary Beneficiaries fail to survive Participant, the term Beneficiary shall mean the Participant's estate.

_____ Alternative 3. _____

6. Survivorship (Check One):

_____ Alternative 1. For purposes of this Beneficiary Designation, no person shall be deemed to have survived the Participant if that person dies within thirty (30) days of the Participant's death.

_____ Alternative 2. If the Participant and the Participant's spouse die under circumstances such that there is insufficient evidence to determine the order of their deaths or if the Participant's spouse outlives the Participant for any time whatsoever, the Participant's spouse shall be deemed to have survived the Participant. For all other purposes of this Beneficiary Designation, no person shall be deemed to have survived the Participant if that person dies within thirty (30) days of the Participant's death.

7. Duration: This Beneficiary Designation is effective until the Participant files another such Designation with the Bank. Any previous Beneficiary Designations are hereby revoked.

8. Execution:

Date: _____ Participant: _____

Witness: _____

9. Approval: This Beneficiary Designation is acknowledged and approved this ___day of _____, 20__ and shall be effective as of the date executed by the Participant above.

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

By _____

Title _____

DIRECTORS'

DEFERRED FEE PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

As Restated Effective as of December 31, 2007

DIRECTORS'
DEFERRED FEE PLAN
OF
TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

As Restated Effective as of December 31, 2007

PURPOSE AND EFFECTIVE DATE

The purpose of the Directors' Deferred Fee Plan of **Trustmark National Bank, Jackson, Mississippi** is to provide specified benefits to Directors who contribute materially to the continued growth, development and future business success of **Trustmark National Bank, Jackson, Mississippi**. It is the intention of **Trustmark National Bank, Jackson, Mississippi** that this program and the individual plans established hereunder be administered as unfunded welfare benefit plans established for Directors of the Bank. The effective date of this Plan is February 12, 1985; and this Plan was amended and restated as of February 12, 1986. This Plan was last restated effective January 1, 1999. This Plan is further amended and restated as of December 31, 2007 in order to comply, where applicable, with the requirements of Code Section 409A (as defined below).

ARTICLE I

DEFINITIONS AND CONSTRUCTION

- 1.1 Definitions. For purposes of this Plan, the following phrases or terms shall have the indicated meanings unless otherwise clearly apparent from the context:
- (e) " Bank " shall mean **Trustmark National Bank, Jackson, Mississippi** and any Subsidiary that duly adopts the Plan as provided in Article XIV hereof. Where the context dictates, the term "Bank" as used herein refers to the particular Bank that has entered into a Plan Agreement with a particular Participant.
 - (b) " Beneficiary " shall mean the person, persons or estate of a Participant, entitled to receive any benefits subsequent to the death of a Participant under a Plan Agreement entered into in accordance with the terms of this Plan.
 - (c) " Beneficiary Designation " shall mean the form of written agreement, attached hereto as Annex II, by which the Participant names the Beneficiary(ies) of the Plan.
 - (d) " Benefit Level " shall mean that level of Benefits (Death and Retirement) which is made available by the Bank to the Participant for computation of Retirement and Death Benefits pursuant to the terms and conditions of the Plan.
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- (e) "Board of Directors" shall mean the Board of Directors of **Trustmark National Bank, Jackson, Mississippi** unless otherwise indicated or the context otherwise requires.
 - (f) "Buyout" shall mean a transaction or series of related transactions by which the Bank or Holding Company is sold, either through the sale of a Controlling Interest in the Bank's or Holding Company's voting stock or through the sale of substantially all of the Bank's or Holding Company's assets, to a party not having a Controlling Interest in the Bank's or Holding Company's voting stock.
 - (g) "Change in Control" shall mean a Buyout, Merger, or Substantial Change in Ownership.
 - (h) "Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, or the corresponding Section of any subsequent Internal Revenue Code, and, to the extent not inconsistent therewith, regulations issued thereunder.
 - (i) "Committee" shall mean the Human Resources Committee of the Board of Directors of the Holding Company (or any successor committee thereto) or any other committee appointed by the Board of Directors of the Bank in lieu thereof to manage and administer the Plan and individual Plan Agreements in accordance with the provisions of Article XII hereof.
 - (k) "Controlling Interest" shall mean ownership, either directly or indirectly, of more than twenty percent (20%) of the Bank's or Holding Company's voting stock.
 - (l) "Death Benefit" shall mean the benefit provided under Article III of the Plan.
 - (l) "Director" shall mean any person who is associated as a Director or Advisory Director with the Bank or one of its Subsidiaries.
 - (m) "Disability" or "Disabled" shall mean that a Participant is disabled as provided in Section 3.8.
 - (n) "Election to Participate" shall mean the form of written agreement that will be executed and entered into between a Participant and the Bank specifying the amount of annual compensation to be deferred immediately following the date of execution of said "Election to Participate" and continuing thereafter under the terms of the Plan.
 - (o) "Employer(s)" shall mean the Bank and/or any Subsidiary (now in existence or hereafter formed or acquired) that duly adopts the Plan as provided in Article XIV hereof.
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- (p) “ ERISA ” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time, and, to the extent not inconsistent therewith, regulations issued thereunder.
 - (q) " Holding Company " shall mean Trustmark Corporation.
 - (r) " Merger " shall mean a transaction or series of transactions wherein the Bank or Holding Company is combined with another business entity, and after which the persons or entities who had owned, either directly or indirectly, a Controlling Interest in the Bank's or Holding Company's voting stock own less than a Controlling Interest in the voting stock of the combined entity.
 - (s) " Normal Retirement Date " shall be March 1 following Participant's sixty-fifth (65th) birthday.
 - (t) " Participant " shall mean a Director who is selected and elects to participate in the Plan through the execution of a Plan Agreement in accordance with the provisions of Article II.
 - (u) " Participant's Benefit Level " shall mean that portion of the Benefit Level which the Participant chooses as a basis for computation of Death and Retirement Benefits pursuant to the terms and conditions of the Plan.
 - (v) " Plan " shall mean the Directors' Deferred Fee Plan of **Trustmark National Bank, Jackson, Mississippi** as amended from time to time.
 - (w) " Plan Agreement " shall mean the form of written agreement, attached hereto as Annex I, which is entered into from time to time by and between the Bank and a Director selected to become a Participant as a condition to participation in the Plan. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled under the Plan, and the Plan Agreement bearing the latest date shall govern such entitlement.
 - (x) " Retirement " and " Retire " shall mean severance of relationship with the Bank at or after the attainment of his or her Normal Retirement Date.
 - (y) " Retirement Benefit " shall mean the benefit provided under Article IV of the Plan.
 - (aa) " Subsidiary " shall mean any business organization in which **Trustmark National Bank, Jackson, Mississippi** , directly or indirectly, owns an interest, excluding ownership interests **Trustmark National Bank, Jackson, Mississippi** may hold in their fiduciary capacities as trustee or otherwise, and any other business organization that the Board of Directors designates as a Subsidiary for purposes of this Plan, provided in each such case the business organization would be aggregated and treated as a single employer with **Trustmark National Bank, Jackson, Mississippi** under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least eighty percent (80%) when applying, the applicable provisions of (1) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (2) Treas. Reg. Sec.1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).
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- (bb) "Substantial Change in Ownership" shall mean a transaction or series of transactions in which a Controlling Interest in the Bank or Holding Company is acquired by or for a person or business entity, either of which did not own, either directly or indirectly, a Controlling Interest in the Bank or Holding Company. The above shall not apply to stock purchased by any tax-qualified employee stock ownership plan or other such type of benefit plan sponsored by the Bank or any company affiliated with the Bank or the Holding Company.

1.2 Construction.

- (a) The masculine gender when used herein shall be deemed to include the feminine gender, and the singular may include the plural unless the context clearly indicates to the contrary. The words "hereof", "herein," "hereunder", and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular provision or section. Whenever the words "Article" or "Section" are used in this Plan, or a cross-reference to an "Article" or "Section" is made, the Article or Section referred to shall be an Article or Section of this Plan unless otherwise specified.
- (b) The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded. It not intended to be covered by ERISA, but if it is considered to be covered by ERISA, it should be viewed as maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). Except with respect to Plan benefits not subject to Code Section 409A, the Plan shall be administered and interpreted (i) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (ii) in accordance with Code Section 409A and related Treasury guidance.

- 1.3 Applicability of Code Section 409A. It is intended that if no part of a Participant ' s Retirement Benefit is earned or becomes vested after December 31, 2004 and there is no material modification with respect to such benefit which would cause it to become subject to Code Section 409A, then neither this Plan restatement nor Code Section 409A shall apply to such Participant ' s Plan benefits, and the payment of such Participant ' s Plan benefits shall be governed by the terms of the Plan as in effect on December 31, 2004.
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ARTICLE II

ELIGIBILITY AND PARTICIPATION

- 2.1 Eligibility. In order to be eligible for participation in the Plan, a Director must be selected by the Committee in the year preceding the year in which the Director is eligible to participate as hereinafter provided. The Committee, in its sole and absolute discretion, shall determine eligibility for participation in accordance with the purposes of the Plan.
- 2.2 Participation. After being selected by the Committee to participate in this Plan, a Director shall, as a condition precedent to participation herein, complete and return to the Committee a duly executed Plan Agreement and Election to Participate electing to participate herein and agreeing to the terms and conditions thereof, and by the execution of such Plan Agreement and Election to Participate a Participant shall agree that all amounts deferred thereby shall be irrevocably deferred and that in lieu thereof the Participant shall be entitled solely to the benefits provided under this Plan. Such Plan Agreement shall be completed and returned to the committee at the time specified thereby, and should be subsequent to December 31st of the year preceding the year to which the Plan Agreement relates.

ARTICLE III

DEATH BENEFIT

- 3.1 Amount and Payment of Death Benefit. If a Participant dies before Retirement, before his or her Retirement Benefit commences to be paid pursuant to Section 4.1(b) and the Plan is in effect at that time, the Bank will pay or cause to be paid a Death Benefit to such Participant's Beneficiary. The said Death Benefit shall be one hundred percent (100%) of the Participant's Benefit Level as set forth in the Plan Agreement paid monthly for the next one hundred and twenty (120) months. Such payments shall commence effective the first day of the month following the date of death.

Notwithstanding the immediately preceding paragraph of this Section 3.1, the Bank will pay or cause to be paid the Death Benefit specified therein only if:

- (a) At the time of the Participant's death prior to attaining his or her Normal Retirement Date:
- (i) Such Participant was a Director and had not Retired, or was Disabled or on authorized leave of absence, his or her Retirement Benefit has not commenced to be paid pursuant to Section 4.1(b) and all deferrals and payments required to be made by such Participant under Sections 3.2 et. seq. have been made, or
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- (ii) Such required deferrals or payments were waived pursuant to Section 3.5 because of such Participant's Disability;
- (b) The Participant's Plan Agreement had been kept in force throughout the period commencing on the date of such Plan Agreement and ending on the date of his or her death;
- (c) The Participant's death was due to causes other than suicide within two (2) years of the date of his or her original Plan Agreement or within two (2) years of the date of any amendment to his or her Plan Agreement or any subsequent Plan Agreement resulting from additional benefits granted because of an increase in the Participant's Benefit Level; but the Participant's suicide shall relieve the Bank only of its obligation to pay that portion of the Death Benefit that was granted within two (2) years prior to the date of such suicide;
- (d) The Participant's death is determined not to be from a bodily or mental cause or causes, information about which was withheld, or knowingly concealed, or falsely provided by the Participant when requested by the Bank to furnish evidence of good health upon the Participant's enrolling in the Plan or upon an application for an increase in benefits because of an increase in Participant's Benefit Level; and
- (e) Proof of death in such form as determined acceptable by the Committee is furnished.

3.2 Amount of Participant Deferral and Payments. In consideration for the Death Benefit selected in Participant's Plan Agreement, each Participant shall defer an amount of his or her compensation in such amounts and at such times as shall be determined by the Committee and as specified in his or her Election to Participate, and the Committee may change the amount of such deferral prospectively on a calendar year by calendar year basis, provided that any change is made prior to the beginning of the calendar year for which it is effective. If a Participant is authorized to take a leave of absence from his or her relationship or, subject to the provisions of Section 3.5, is Disabled, the Participant shall be required to make payments to the Bank in accordance with this Article III in order to maintain his or her Plan Agreement in force. A Participant's obligation to defer an amount of his or her compensation in accordance with this Article III or to make the payments required by this Article III shall be stated in his or her Plan Agreement and Election to Participate, shall commence on the date his or her Plan Agreement becomes effective, and shall continue thereafter during the term of his or her Plan Agreement or until the earlier of such Participant's death or attainment of his or her Normal Retirement Date. A Participant shall have the right, prospectively on a calendar year by calendar year basis, to increase or decrease the amount of his or her deferral initially selected by him by amending his or her Plan Agreement and Election to Participate in accordance with the rules adopted by the Committee for this purpose, provided that any change is agreed to prior to the beginning of the calendar year for which it is effective.

- 3.3 Time and Manner of Deferring or Making Payments . A Participant shall, in his or her Plan Agreement and Election to Participate, authorize the Employer to defer an amount of such Participant's compensation equal to the amount specified pursuant to Section 3.2. A Participant who is on authorized leave of absence or is Disabled and who is required to make the payments required in this Article III shall make such payments at such time and in such manner as the Committee shall provide; provided, however, that the Participant shall not continue to make such payments during any period in which a portion of his or her compensation is being deferred or such payments have been waived pursuant to Section 3.5.
- 3.4 Participant Deferrals and Payments - Use and Forfeitability . The amount of each Participant's compensation deferred pursuant to Sections 3.2 and 3.3 shall be and remain solely the property of the Bank and the amount collected by the Bank pursuant to Sections 3.2 and 3.3 from each Participant who is on an authorized leave of absence or Disabled shall be and become solely the property of the Bank, and a Participant shall have no right thereto, nor shall the Bank be obligated to use such amounts in any specific manner. Except as provided in Article IV, if a Participant's death occurs under circumstances other than those specified in Section 3.1, no benefit shall be payable hereunder or under his or her Plan Agreement to his or her Beneficiary or any other person or entity on his or her behalf, and any payments made by such Participant under Sections 3.2 and 3.3 shall be forfeited.
- 3.5 Waiver of Participant Deferral or Payments . If a Participant becomes Disabled before attaining his or her Normal Retirement Date, the Disability continues for more than three (3) months, and the Disability benefit specified in Item 4 of the Participant's Plan Agreement is in effect, such Participant shall not be required to defer a portion of his or her compensation pursuant to Sections 3.2 and 3.3 or make the payments provided for in Sections 3.2 and 3.3, commencing with the fourth (4th) month following the date of such Disability and continuing thereafter for as long as such Disability continues.
- 3.6 Required Payments and Leave of Absence . If a Participant is authorized by the Bank for any reason, including military, medical or other, to take a leave of absence, such Participant shall be required to make payments in order to maintain his or her Plan Agreement in force (first out of his or her compensation during such leave of absence and, if his or her compensation is insufficient, from his or her personal assets). Such required payments shall be an amount equal to the amount of the Participant's compensation that is to be deferred under the terms of his or her Plan Agreement and Election to Participate. A Participant required to make payments under this Section 3.6 shall continue making such required payments until the earlier of (i) the date he or she returns to his or her duties following a leave of absence, (ii) the date such payments are waived pursuant to Section 3.5, or (iii) the effective date that he or she enters into a new Plan Agreement and Election to Participate. If a Participant's payments are waived pursuant to Section 3.5 and subsequently the Participant returns to his or her duties, he or she shall be required to resume deferring his or her compensation, in the amount specified above.
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3.7 Failure to Make Required Payments . Failure to make payments required by Section 3.6 shall cause Participant's Plan Agreement to terminate without the necessity of any notice from either party to the other. From and after such termination, except as provided in Section 4.5 hereof, neither party shall have any further obligation to the other party under this Plan or such Plan Agreement.

3.8 Disability .

- (a) If a Participant becomes Disabled before attaining his or her Normal Retirement Date and subsequently dies before Retirement and before his or her Retirement Benefit commences to be paid pursuant to Section 4.1(b) and while the waiver described in Section 3.5 is in effect, the Death Benefit provided in this Article III shall be paid. If a Participant Retires while the waiver described in Section 3.5 after becoming Disabled or attains his or her Normal Retirement Date or commences to be paid pursuant to Section 4.1(b), the Retirement Benefit provided in Article IV shall be paid.
- (b) For purposes hereof, either Disability and Disabled means unable to engage in any substantial gainful activity (1) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (2) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, where the Participant is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant's Employer, provided that the definition of "disability" applied under such disability insurance program complies with the requirements hereof.

Notwithstanding the foregoing, a Participant will not be considered Disabled unless:

- (1) such Disability was not either intentionally self-inflicted or caused by illegal or criminal acts of the Participant;
 - (2) the Participant was a Director at the time he or she became Disabled (or was then on an authorized Leave of Absence) and had made all payments required hereunder;
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- (3) the Participant's Plan Agreement has been kept in force until the time of such Disability; and
- (4) the Committee has approved the waiver of such fee and such waiver is so noted in the Participant's Plan Agreement.

The determination of what constitutes a Disability or being Disabled and the cessation of being Disabled for purposes of this Section 3.8 shall be made by the Committee, in its sole and absolute discretion, and such determination shall be conclusive.

ARTICLE IV

RETIREMENT BENEFIT

4.1 Payment at Normal Retirement Date.

- (a) If a Participant has remained a Director until his or her Normal Retirement Date and shall then Retire, and if the Plan and his or her Plan Agreement have been kept in force, the Bank shall pay or cause to be paid to such Participant, as a Retirement Benefit (herein so called), the amount per month specified in his or her Plan Agreement as a Retirement Benefit. Payment of such monthly amount shall commence on the Participant's Normal Retirement Date and shall continue for the life of the Participant. If such Participant shall die before receiving three hundred (300) monthly payments, the Retirement Benefit will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of three hundred (300) monthly payments has been paid to the Participant and his or her Beneficiary.
 - (b) This Section 4.1(b) shall apply, effective January 1, 2008. In lieu of payment pursuant to the other applicable provisions of this Article IV, if (1) any portion of a Participant's Retirement Benefit is earned or becomes vested after December 31, 2004 and is thus subject to Code Section 409A, (2) such a Participant has remained a Director until his or her Normal Retirement Date (or, if later, until February 29, 2008), and (3) the Plan and such Participant's Plan Agreement have been kept in force until such time, the Retirement Benefit of such a Participant shall commence to be paid on the Participant's Normal Retirement Date (or if later, on March 1, 2008) and shall continue for the life of the Participant. The amount of such monthly payment shall be the amount per month specified in the Participant's Plan Agreement on the Participant's Normal Retirement Date (increased where applicable for interest at the rate of four percent (4%), or such other rate as the Committee may determine from time to time, per annum, compounded annually, to the Participant's Normal Retirement Date (or if later, to March 1, 2008). If such Participant shall die before receiving three hundred (300) monthly payments, the Retirement Benefit will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of three hundred (300) monthly payments has been paid to the Participant and his or her Beneficiary. Notwithstanding any other provisions of the Plan, in the event a Participant commences to receive his or her Retirement Benefit pursuant to this Section 4.1(b), there shall be no further accrual of, or any increase to, the Participant's Retirement Benefit under the Plan after the Participant's Normal Retirement Date (or, if later, February 29, 2008).
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- 4.2 Post Retirement Death Benefit . If a Participant dies after Retirement or commencement of his or her Retirement Benefit pursuant to Section 4.1(b) but before the applicable Retirement Benefit is paid in full, the unpaid Retirement Benefit payments to which such Participant is entitled shall continue and be paid to that Participant's Beneficiary. Such payments shall be made in accordance with the payment schedule to that Participant pursuant to Section 4.1 of the Plan.
- 4.3 Exclusivity of Post Retirement Death Benefit . No Death Benefit as defined in Article III shall be paid to the Beneficiary of a Participant who dies after Retirement or commencement of his or her Retirement Benefit pursuant to Section 4.1(b).
- 4.4 Accrual of Retirement Benefit . A Participant who ceases to be a Director before completion of one (1) full year of participation in the Plan, except as a result of death, Retirement, or Disability, shall not be entitled to any benefits hereunder and the Bank shall have no obligation hereunder to such Participant.
- 4.5 Deferred Termination Benefit . A Participant who ceases to be a Director after the completion of one (1) full year of participation in the Plan shall receive a portion of his or her monthly Retirement Benefit upon the earlier of (i) the Participant's death or (ii) attainment of his or her Normal Retirement Date. Said portion shall be the monthly amount of the Retirement Benefit set forth in the Participant's Plan Agreement multiplied by a fraction, the numerator of which is the number of whole years said Director was a Participant in the Plan and the denominator of which is the number of whole years between such Participant's age at entry into the Plan and the Participant's age at his or her Normal Retirement Date. If the Participant's benefits have been increased since the Participant's initial entry into this Plan, or successor or predecessor plans, the reduced monthly Retirement Benefit shall be determined by reducing each incremental benefit increase in accordance with the formula. The resulting reduced monthly amount shall be the only benefit to which such Participant is entitled. The reduced monthly amount will be payable for life at the attainment of the Participant's Normal Retirement Date and shall be continued to Participant's Beneficiary as set forth in the Beneficiary Designation until a total of three hundred (300) monthly payments including those paid to Participant have been made. In the event the Participant dies before attaining his or her Normal Retirement Date, the reduced monthly amount will be payable to Participant's Beneficiary as set forth in the Beneficiary Designation. Such payments shall commence at the attainment of what would have been the Participant's Normal Retirement Date and shall be payable for three hundred (300) months.
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ARTICLE V

BENEFICIARY

A Participant shall designate his or her Beneficiary to receive benefits under the Plan and his or her Plan Agreement by completing the Beneficiary Designation. If more than one Beneficiary is named, the shares and/or precedence of each Beneficiary shall be indicated. A Participant shall have the right to change the Beneficiary by submitting to the Committee a new Beneficiary Designation. The Beneficiary Designation must be approved in writing by the Bank; however, upon the Bank's acknowledgment of approval, the effective date of the Beneficiary Designation shall be the date it was executed by the Participant. If the Bank has any doubt as to the proper Beneficiary to receive payments hereunder, it shall have the right to withhold such payments until the matter is finally adjudicated. Any payment made by the Bank in good faith and in accordance with the provisions of this Plan and a Participant's Plan Agreement and Beneficiary Designation shall fully discharge the Bank from all further obligations with respect to such payment.

ARTICLE VI

SOURCE OF BENEFITS

- 6.1 Benefits Payable from General Assets . Amounts payable hereunder shall be paid exclusively from the general assets of the Bank, and no person entitled to payment hereunder shall have any claim, right, security interest, or other interest in any fund, trust, account, or other asset of the Bank that may be looked to for such payment. The Bank's liability for the payment of benefits hereunder shall be evidenced only by this Plan and each Plan Agreement entered into between the Bank and a Participant.
 - 6.2 Investments to Facilitate Payment of Benefits . Although the Bank is not obligated to invest in any specific asset or fund in order to provide the means for the payment of any liabilities under this Plan, the Bank may elect to do so and, in such event, no Participant shall have any interest whatever in such asset or fund. As a condition precedent to the Bank's obligation to provide any benefits, including incremental increases in benefits, under this Plan, the Participant shall, if so requested by the Bank, provide evidence of insurability at standard and other rates, in such amounts, and with such insurance carrier or carriers as the Bank may require, including the results and reports of previous Bank and other insurance carrier physical examinations, taking such additional physical examinations as the Bank may request, and taking any other action that the Bank may request, and shall consent to the Bank's acquisition of insurance on his or her life. If a Participant is requested to and does not or cannot provide evidence of insurability as specified in the immediately preceding sentence, then the Bank shall have no further obligation to such Participant under this Plan, and such Participant's Plan Agreement shall terminate, except as to benefits previously granted. Notwithstanding the foregoing, if a Participant cannot provide evidence of insurability at standard rates or for the amounts initially contemplated in connection with his or her participation in the Plan, the Bank may, at its discretion, permit the Participant to participate herein for such benefits and upon such deferral of his or her compensation as the Bank may, in its sole discretion, deem appropriate in a manner which is not violative of Code Section 409A and is set out in his or her Plan Agreement.
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The Participant also understands and agrees that his or her participation, in any way, in the acquisition of any such insurance policy or any other general asset by the Bank shall not constitute a representation to the Participant, his or her Beneficiary, or any person claiming through the Participant that any of them has a special or beneficial interest in such general asset.

- 6.3 Bank Obligation . The Bank shall have no obligation of any nature whatsoever to a Participant under this Plan or a Participant's Plan Agreement, except otherwise expressly provided herein and in such Plan Agreement.
- 6.4 Withholding of Information, Etc . If, in connection with a Participant's enrolling in or applying for incremental benefit increases under the Plan, the Bank requests the Participant to furnish evidence of insurability, the Participant dies, and it is determined that the Participant withheld, knowingly concealed, or knowingly provided false information about the bodily or mental condition or conditions that caused the Participant's death, the Bank shall have no obligation to provide the benefits contracted for on the basis of such withholding, concealment, or false information.

ARTICLE VII

TERMINATION OF RELATIONSHIP

Neither this Plan nor a Participant's Plan Agreement, either singly or collectively, in any way obligate the Bank to continue the relationship of a Participant with the Bank nor does either limit the right of the Bank at any time and for any reason to terminate the Participant's relationship. Termination of a Participant's relationship with the Bank for any reason, whether by action of the Bank, shall immediately terminate his or her participation in this Plan and his or her Plan Agreement, and all further obligations of either party thereunder, except as may be provided in Section 4.5 and/or Section 9.3. In no event shall this Plan or a Plan Agreement, either singly or collectively, by their terms or implications constitute an employment contract of any nature whatsoever between the Bank and a Participant.

ARTICLE VIII

TERMINATION OF PARTICIPATION

- 8.1 Termination of Participation - General . A Participant reserves the right to terminate his or her participation in this Plan and his or her Plan Agreement at his or her election at any time by giving the Committee written notice of such termination not less than thirty (30) days prior to an anniversary date of the date of execution of his or her Plan Agreement. A Participant's termination shall be effective as soon as administratively convenient after such anniversary date. If a Participant terminates his or her participation in the Plan, such participation termination must not be violative of Code Section 409A and, in the case of a Participant who has agreed to a deferral of compensation pursuant to the Plan, must be effected as of the beginning of a calendar year, or as of a specified date is a calendar year, following the calendar year in which the Participant delivers written notice of his or her participation termination to the Committee.
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- 8.2 Rights After Termination of Participation . Participants who elect to terminate participation in the Plan after one (1) full year of participation but before eligibility for Retirement will be entitled to the same benefits as a Participant who ceases to be a Director as described in Section 4.5. Such Participants will not be entitled to a Death Benefit under Article III.

ARTICLE IX

TERMINATIONS, AMENDMENTS, MODIFICATION OR

SUPPLEMENT OF PLAN

- 9.1 Termination Amendment, Etc. . The Bank reserves the right to terminate, amend, modify or supplement this Plan, wholly or partially, and from time to time, at any time. The Bank likewise reserves the right to terminate, amend, modify, or supplement any Plan Agreement, wholly or partially, from time to time. Such right to terminate, amend, modify, or supplement this Plan or any Plan Agreement shall be exercised for the Bank by the Committee; provided, however, that:

- (a) Except as deemed appropriate to comply with Code Section 409A, no action to terminate this Plan or a Plan Agreement shall be taken except upon written notice to each Participant to be affected thereby, which notice shall be given not less than thirty (30) days prior to such action; and
- (b) The Committee shall take no action to terminate this Plan or a Plan Agreement with respect to a Participant or his or her Beneficiary after the payment of any benefit has commenced in accordance with Article III or Article IV but has not been completed.

Notwithstanding the foregoing, the Bank may not provide for acceleration in payment of any Plan benefit subject to Code Section 409A upon termination of the Plan, or for termination of any compensation deferral by a Participant pursuant to the Plan in connection with the termination of the Plan, unless it does so subject to and in accordance with any rules established by it deemed necessary to comply with the applicable requirements and limitations of Code Section 409A and Treas. Reg. Sec.1.409A-3(j)(4)(ix).

- 9.2 Rights and Obligations Upon Termination . Upon the termination of this Plan or any Plan Agreements, by either the Committee or a Participant in accordance with the provisions for such termination, neither this Plan nor the Plan Agreement shall be of any further force and effect, and no party shall have any further obligation under either this Plan or any Plan Agreement so terminated except as may be provided for in Section 4.5, Section 9.3, or the provisions of this Article IX.
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9.3 Rights and Obligations Upon Termination as Result of "Change in Control". In the event the Bank or Holding Company should undergo a Change in Control to another corporation, firm or person and within three (3) years of such Change in Control such corporation, firm or person takes action to terminate this Plan or a Participant in the Plan, a Participant who is a Director at such time will, nevertheless, be entitled to a portion of his or her monthly Retirement Benefit upon the earlier of (i) the Participant's death or (ii) attainment of his or her Normal Retirement Date. Said portion shall be the monthly amount of the Retirement Benefit set forth in the Participant's Plan Agreement multiplied by a fraction, not to exceed one (1), the numerator of which is the number of whole years said Director was a Participant in the Plan plus, in the case of a Participant who has not attained his or her Normal Retirement Date (or, if later, February 29, 2008), five (5) additional years and the denominator of which is the number of whole years between such Participant's age at entry into the Plan and the Participant's age at his or her Normal Retirement Date. If the Participant's benefits have been increased since the Participant's initial entry into this Plan, or successor or predecessor plans, the reduced monthly Retirement Benefit shall be determined by reducing each incremental benefit increase in accordance with the formula. The resulting reduced monthly amount shall be the only benefit to which such Participant is entitled. The reduced monthly amount will be payable for life at the attainment of the Participant's Normal Retirement Date (subject to delay if required pursuant to Code Section 409A), and shall be continued to Participant's Beneficiary as set forth in the Beneficiary Designation until a total of three hundred (300) monthly payments including those paid to Participant have been made. In the event the Participant dies before attaining his or her Normal Retirement Date, the reduced monthly amount will be payable to Participant's Beneficiary as set forth in the Beneficiary Designation. Such payments shall commence at the attainment of what would have been the Participant's Normal Retirement Date and shall be payable for three hundred (300) months.

ARTICLE X

OTHER BENEFITS AND AGREEMENTS

The benefits provided for a Participant and his or her Beneficiary hereunder and under such Participant's Plan Agreement are in addition to any other benefits available to such Participant under any other program or plan of the Bank for its Directors, and, except as may otherwise be expressly provided for, this Plan and Plan Agreements entered into hereunder shall supplement and shall not supersede, modify, or amend any other program or plan of the Bank or a Participant. Moreover, benefits under this Plan and Plan Agreements entered into hereunder shall not be considered compensation for the purpose of computing deferrals or benefits under any plan maintained by the Bank that is qualified under Code Section 401(a).

ARTICLE XI

RESTRICTIONS ON ALIENATION OF BENEFITS

No right or benefit under this Plan or a Plan Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder or under any Plan Agreement shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant or Beneficiary under this Plan or a Plan Agreement should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right to a benefit hereunder or under any Plan Agreement, then such right or benefit shall, in the discretion of the Committee, terminate, and, in such event, the Committee shall hold or apply the same or any part thereof for the benefit of such Participant or Beneficiary, his or her spouse, children, or other dependents, or any of them, in such manner and in such portion as the Committee, in its sole and absolute discretion, may deem proper.

ARTICLE XII

ADMINISTRATION OF THIS PLAN

- 12.1 Appointment of Committee . The general administration of this Plan, and any Plan Agreements executed hereunder, as well as construction and interpretation thereof, shall be vested in the Committee, the number and members of which shall be designated and appointed from time to time by, and shall serve at the pleasure of, the Board of Directors. Any such member of the Committee may resign by notice in writing filed with the secretary of the Committee. Vacancies shall be filled promptly by the Board of Directors but any vacancies remaining unfilled for ninety days may be filled by a majority vote of the remaining members of the Committee. Each person appointed a member of the Committee shall signify his or her acceptance by filing a written acceptance with the secretary of the Committee.
- 12.2 Committee Officials . The Board of Directors shall designate one of the members of the Committee as chairman and shall appoint a secretary who need not be a member of the Committee. The secretary shall keep minutes of the Committee's proceedings and all data, records and documents relating to the Committee's administration of this Plan and any Plan Agreements executed hereunder. The Committee may appoint from its number such subcommittees with such powers as the Committee shall determine and may authorize one or more of its members or any agent to execute or deliver any instrument or make any payment on behalf of the Committee.
- 12.3 Committee Action . All resolutions or other actions taken by the Committee shall be by the vote of a majority of those members 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.
- 12.4 Committee Rules and Powers - General . Subject to the provisions of this Plan, the Committee shall from time to time establish rules, forms, and procedures for the administration of this Plan, including Plan Agreements. The Committee shall have the exclusive right to determine, among other matters, (i) Disability with respect to a Participant and (ii) the degree thereof, either or both determinations to be made on the basis of such medical and/or other evidence that the Committee, in its sole and absolute discretion, may require. Such decisions, actions, and records of the Committee shall be conclusive and binding upon the Bank and all persons having or claiming to have any right or interest in or under this Plan.
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- 12.5 Reliance on Certificate, Etc. . The members of the Committee and the officers and directors of the Bank 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. Such legal counsel may be counsel for the Bank.
- 12.6 Liability of Committee. No member of the Committee shall be liable for any act or omission of any other member of the Committee, or for any act or omission on his or her own part, excepting only his or her own willful misconduct. The Bank shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his or her membership on the Committee, excepting only expenses and liabilities arising out of his or her own willful misconduct. 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 may be entitled as a matter of law.
- 12.7 Determination of Benefits. In addition to the powers hereinabove specified, the Committee shall have the power to compute and certify, under this Plan and any Plan Agreement, the amount and kind of benefits from time to time payable to Participants and their Beneficiaries, and to authorize all disbursements for such purposes.
- 12.8 Information to Committee. To enable the Committee to perform its functions, the Bank shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death or other cause for termination of relationship, and such other pertinent facts as the Committee may require.
- 12.9 Manner and time of Payment of Benefits. The Committee shall have the power, in its sole and absolute discretion, to change the manner and time of payment of benefits to be made to a Participant or his or her Beneficiary from that set forth in the Participant's Plan Agreement if requested to do so by such Participant or Beneficiary.

ARTICLE XIII

NAMED FIDUCIARY AND CLAIMS PROCEDURE

- 13.1 Named Fiduciary. The Named Fiduciary of the Plan for purposes of the claims procedure under this Plan is the Chief Financial Officer; provided, however, that if the claim relates to a Plan benefit of the Chief Financial Officer, the Named Fiduciary shall be the person or committee designated by the Bank.
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- 13.2 Right to Change Named Fiduciary. The Bank shall have the right to change the Named Fiduciary created under this Plan. The Bank shall also have the right to change the address and telephone number of the Named Fiduciary. The Bank shall give the Participant written notice of any change of the Named Fiduciary, or any change in the address and telephone number of the Named Fiduciary.
- 13.3 Procedure for Claims. Benefits shall be paid in accordance with the provisions of this Plan. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Named Fiduciary a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. The written claim shall be mailed or delivered to the Named Fiduciary. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within one hundred and eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.
- 13.4 Notification of Denial of Claim. The Named Fiduciary shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Named Fiduciary determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Fiduciary expects to render the benefit determination. The Named Fiduciary shall notify the Claimant in writing:
- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
 - (b) that the Named Fiduciary has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
 - (1) the specific reason(s) for the denial of the claim, or any part of it;
 - (2) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (3) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
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(4) an explanation of the claim review procedure set forth in Section 13.5 below.

13.5 Review of a Denied Claim. On or before sixty (60) days after receiving a notice from the Named Fiduciary that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Named Fiduciary a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

- (a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;
- (b) may submit written comments or other documents; and/or
- (c) may request a hearing, which the Named Fiduciary, in its sole discretion, may grant.

13.6 Decision on Review. The Named Fiduciary shall render its decision on review promptly, and no later than sixty (60) days after the Named Fiduciary receives the Claimant's written request for a review of the denial of the claim. If the Named Fiduciary determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Fiduciary expects to render the benefit determination. In rendering its decision, the Named Fiduciary shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant to the Claimant's claim for benefits.

13.7 Legal Action. A Claimant's compliance with the foregoing provisions of this Article XIII is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE XIV

ADOPTION OF PLAN BY SUBSIDIARY,

AFFILIATED OR ASSOCIATED COMPANIES

Any corporation that is a Subsidiary may, with the approval of the Board of Directors, adopt this Plan and thereby come within the definition of Bank in Article I hereof.

ARTICLE XV

MISCELLANEOUS

- 15.1 Execution of Receipts and Releases. Any payment to any Participant, a Participant's legal representative, or Beneficiary in accordance with the provisions of this Plan or Plan Agreement executed hereunder shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Bank. The Bank may require such Participant, legal representative, or Beneficiary, as a condition precedent to such payment, to execute a receipt and release therefore in such form as it may determine.
- 15.2 No Guarantee of Interests. Neither the Committee nor any of its members guarantees the payment of any amounts which may be or become due to any person or entity under this Plan or any Plan Agreement executed hereunder. The liability of the Bank to make any payment under this Plan or any Plan Agreement executed hereunder is limited to the then available assets of the Bank.
- 15.3 Bank Records. Records of the Bank as to a Participant's relationship, termination of relationship and the reason therefor authorized leaves of absence, and compensation shall be conclusive on all persons and entities, unless determined to be incorrect.
- 15.4 Evidence. Evidence required of anyone under this Plan and any Plan Agreement executed hereunder may be by certificate, affidavit, document, or other information which the person or entity acting on it considers pertinent and reliable, and signed, made, or presented by the proper party or parties.
- 15.5 Notice. Any notice which shall be or may be given under this Plan or a Plan Agreement executed hereunder shall be in writing and shall be mailed by United States mail, postage prepaid. If notice is to be given to the Bank, such notice shall be addressed to the Bank at:

Trustmark National Bank, Jackson, Mississippi
Box 291
Jackson, Mississippi 39205

marked to the attention of the Secretary, Administrative Committee, Directors' Deferred Fee Plan; or, if notice to a Participant, addressed to the address shown on such Participant's Plan Agreement.

- 15.6 Change of Address. Any party may, from time to time, change the address to which notices shall be mailed by giving written notice of such new address.
- 15.7 Effect of Provisions. The provisions of this Plan and of any Plan Agreement executed hereunder shall be binding upon the Bank and its successors and assigns, and upon a Participant, his or her Beneficiary, assigns, heirs, executors, and administrators.
- 15.8 Headings. The titles and headings of Articles and Sections are included for convenience of reference only and are not to be considered in the construction of the provisions hereof or any Plan Agreement executed hereunder.
- 15.9 Governing Law. All questions arising with respect to this Plan and any Plan Agreement executed hereunder shall be determined by reference to the laws of the State of Mississippi, as in effect at the time of their adoption and execution, respectively.

COMPLETE

DIRECTORS'
DEFERRED FEE PLAN
OF
TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

I acknowledge that, as a Director of **Trustmark National Bank, Jackson, Mississippi**, I have been offered an opportunity to participate in the Directors' Deferred Fee Plan ("Plan"), as described in the attached document, in the forthcoming year and that I have irrevocably elected one of the two alternatives set forth as indicated by the space which I have checked:

_____ To participate in the Plan.

_____ Not to participate in the Plan.

Participant's Benefit Level, benefits, and payments to the cost of the Death Benefits under the Plan are agreed to be as follows:

1. **Participant's Benefit Level:** \$ _per month.

This represents ____% of the Benefit Level made available for computation of Retirement and Death Benefits.

2. **Death Benefit (Article III of Plan):**

\$ _____per month for 120 months.

3. **Retirement Benefit (Article IV of Plan):**

(a) Retirement at Normal Retirement Date: \$ _per month for life. If Participant shall die prior to receiving three hundred (300) monthly payments, said amount shall be continued to Participant's Beneficiary in accordance with Beneficiary Designation until the balance of the three hundred (300) monthly payments has been paid.

(b) Retirement after Normal Retirement Date: Amounts to be determined and paid as specified by Section 4.1(b), if any, of the Plan.

(c) Termination Benefit: Amounts to be determined and paid as specified by Section 4.5 and/or Section 9.3 of the Plan.

4. **Disability Benefit :** In the event of Disability (as defined in Section 1.1 of the Plan), Participant's deferral shall be waived pursuant to Section 3.5 of the Plan.

5. **Participant Contributions (Article III of Plan):** The Participant's deferral from compensation with respect to the Death Benefit under Article III of the Plan is

\$ _____per _____.

The Participant hereby authorizes the Employer to reduce his or her compensation by the amount specified in the immediately preceding sentence (which he or she previously agreed to) and which he or she acknowledges and agrees shall remain in effect as of _____ and shall continue thereafter until no longer required to do so pursuant to the applicable provisions of the Plan.

The Participant hereby agrees, in the event that the Participant is on an authorized leave of absence or Disabled (as defined in Section 1.1 of the Plan), to make payment to the Bank of said amounts as provided in the Plan.

I understand and further acknowledge that if I terminate the relationship with the above-named Bank or terminate participation in the Plan by terminating this Plan Agreement prior to my Retirement (as defined in Section 1.1 of the Plan) or commencement of my Retirement Benefit payment pursuant to Section 4.1(b) of the Plan, except as provided in Section 4.5 and Section 9.3 of the Plan, I will forfeit my right to receive any benefits under the Plan and that all payments that I have made under the Plan (in accordance with Article III thereof and Item 5 above) will be forfeited.

I further acknowledge that any rights I or any Beneficiary have shall be solely those of an unsecured-creditor of the Bank. If the Bank shall purchase an insurance policy or any other asset in connection with the liabilities assumed by it hereunder, then, except as otherwise expressly provided, such policy or other assets shall not be deemed to be held under any trust for my benefit or the benefit of my Beneficiary or to be collateral security for the performance of the obligations of the Bank, but shall be, and remain, a general, unpledged, unrestricted asset of the Bank.

I further acknowledge that neither the Bank nor any of its subsidiaries, affiliated companies, officers, employees or agents has any responsibility whatsoever for any changes which I may make in other personal plans or programs as a result of my decision regarding the Plan and they are fully released to such extent, and I understand that the Plan and this Plan Agreement may be terminated at any time, in the sole discretion of the Bank, without any obligation of any nature whatsoever to the Bank, except a Participant shall have those rights provided for in Articles III, IV, VIII and IX of said Plan, to the extent such may be applicable to him or her at the time of such termination.

IN WITNESS WHEREOF, TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI has executed this Plan Agreement as of __,

20 __.

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

By _____

Title _____

PARTICIPANT

(Signature)

(Type or print name)

(Address of Participant)



DIRECTORS'
DEFERRED FEE PLAN
OF
TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI
BENEFICIARY DESIGNATION

1. **Participant:** _____

2. **Scope:** This Beneficiary Designation applies to all benefits of the Plan to which the above-named Participant has the right to name the Beneficiary.

3. **COUNSEL:** THE DESIGNATION OF A BENEFICIARY OR BENEFICIARIES IN ITEMS 4, 5, AND 6 BELOW MAY HAVE SIGNIFICANT ESTATE AND GIFT TAX CONSEQUENCES TO THE PARTICIPANT. ACCORDINGLY, THE PARTICIPANT SHOULD SEEK THE ADVICE OF PROFESSIONAL COUNSEL WHO IS FAMILIAR WITH THE ESTATE AND GIFT TAX ASPECTS OF NONQUALIFIED RETIREMENT AND SALARY CONTINUATION PLANS BEFORE COMPLETING THIS FORM.

4. **Identification of Beneficiaries:**
A. Primary Beneficiary: _____

B. Secondary Beneficiary: _____

5. **Methods of Payment (Check One):**

_____ Alternative 1. Beneficiary shall mean the Primary Beneficiary if such Primary Beneficiary survives Participant, and shall mean the Primary Beneficiary's estate if such Primary Beneficiary survives Participant but thereafter dies. The term Beneficiary shall mean the Secondary Beneficiary if the Primary Beneficiary fails to survive Participant, and shall mean the Secondary Beneficiary's estate when the Secondary Beneficiary thereafter dies. If both the Primary and Secondary Beneficiaries fail to survive Participant, the term Beneficiary shall mean the Participant's estate.

_____ Alternative 2. Beneficiary shall mean the Primary Beneficiary if such Primary Beneficiary survives Participant, and shall mean the Secondary Beneficiary if either the Primary Beneficiary fails to survive Participant or the Primary Beneficiary survives Participant but thereafter dies. If both the Primary and Secondary Beneficiaries fail to survive Participant, the term Beneficiary shall mean the Participant's estate.

_____ Alternative 3. _____

6. Survivorship (Check One):

_____ Alternative 1. For purposes of this Beneficiary Designation, no person shall be deemed to have survived the Participant if that person dies within thirty (30) days of the Participant's death.

_____ Alternative 2. If the Participant and the Participant's spouse die under circumstances such that there is insufficient evidence to determine the order of their deaths or if the Participant's spouse outlives the Participant for any time whatsoever, the Participant's spouse shall be deemed to have survived the Participant. For all other purposes of this Beneficiary Designation, no person shall be deemed to have survived the Participant if that person dies within thirty (30) days of the Participant's death.

7. Duration: This Beneficiary Designation is effective until the Participant files another such Designation with the Bank. Any previous Beneficiary Designations are hereby revoked.

8. Execution:

Date: _____ Participant: _____

Witness: _____

9. Approval: This Beneficiary Designation is acknowledged and approved this _____ day of _____, 20__ and shall be effective as of the date executed by the Participant above.

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

By _____

Title _____

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

**As Restated Effective as of December 31, 2007
(Group 1)**

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

**As Restated Effective as of December 31, 2007
(Group 1)**

PURPOSE AND EFFECTIVE DATE

The purpose of the Executive Deferral Plan of **Trustmark National Bank, Jackson, Mississippi** is to provide specified benefits to a select group of management and highly compensated Employees who contribute materially to the continued growth, development and future business success of **Trustmark National Bank, Jackson, Mississippi**. It is the intention of **Trustmark National Bank, Jackson, Mississippi** that this program and the individual plans established hereunder be administered as unfunded benefit plans established and maintained for a select group of management or highly compensated Employees. The effective date of this Plan is January 1, 1993 and was restated effective January 1, 1996. This Plan was last restated effective January 1, 1999. This Plan is further amended and restated as of December 31, 2007 in order to comply, where applicable, with the requirements of Code Section 409A (as defined below).

ARTICLE I

DEFINITIONS AND CONSTRUCTION

- 1.1 **Definitions**. For purposes of this Plan, the following phrases or terms shall have the indicated meanings unless otherwise clearly apparent from the context:
- (a) "**Actuarially Reduced**" shall mean the present value of Participant's Retirement Benefit as set forth in Item 3(a) of his or her Plan Agreement at the time of Participant's Early Retirement Date (or other applicable time) using a discount rate equal to the Aa Corporate Bond Rate as published by Moody's Investors Services, Inc. or its successor as of the date of Early Retirement (or other applicable date).
 - (b) "**Bank**" shall mean **Trustmark National Bank, Jackson, Mississippi** and any Subsidiary that duly adopts the Plan as provided in Article XIV hereof. Where the context dictates, the term "Bank" as used herein refers to the particular Bank that has entered into a Plan Agreement with a particular Participant.
 - (c) "**Beneficiary**" shall mean the person, persons or estate of a Participant, entitled to receive any benefits subsequent to the death of a Participant under a Plan Agreement entered into in accordance with the terms of this Plan.
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- (d) "Beneficiary Designation" shall mean the form of written agreement, attached hereto as Annex II, by which the Participant names the Beneficiary(ies) of the Plan.
 - (e) "Board of Directors" shall mean the Board of Directors of **Trustmark National Bank, Jackson, Mississippi** unless otherwise indicated or the context otherwise requires.
 - (f) "Buyout" shall mean a transaction or series of related transactions by which the Bank or Holding Company is sold, either through the sale of a Controlling Interest in the Bank's or Holding Company's voting stock or through the sale of substantially all of the Bank's or Holding Company's assets, to a party not having a Controlling Interest in the Bank's or Holding Company's voting stock.
 - (g) "Change in Control" shall mean a Buyout, Merger, or Substantial Change in Ownership.
 - (h) "Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, or the corresponding Section of any subsequent Internal Revenue Code, and, to the extent not inconsistent therewith, regulations issued thereunder.
 - (i) "Committee" shall mean the Human Resources Committee of the Board of Directors of the Holding Company (or any successor committee thereto) or any other committee appointed by the Board of Directors of the Bank in lieu thereof to manage and administer the Plan and individual Plan Agreements in accordance with the provisions of Article XII hereof.
 - (j) "Controlling Interest" shall mean ownership, either directly or indirectly, of more than twenty percent (20%) of the Bank's or Holding Company's voting stock.
 - (k) "Covered Salary" shall mean the amount specified in Item 1 of the Plan Agreement that is used as a basis for computation of Participant's Death and Retirement Benefits pursuant to the terms and conditions of the Plan.
 - (l) "Death Benefit" shall mean the benefit provided under Article III of the Plan.
 - (m) "Disability" or "Disabled" shall mean that a Participant is disabled as provided in Section 3.2.
 - (n) "Early Retirement Date" shall be the first day of the month next following the date of a Participant's Retirement prior to his or her Normal Retirement Date and following the month in which the Participant attains his or her fifty-fifth (55th) birthday and has completed five (5) full years of continuous employment as an Employee of the Bank commencing on the date of his or her commencement of participation in the Plan.
-

- (o) " Employee " shall mean any person who is in the full time employment of the Bank or a Subsidiary, as determined by the personnel rules and practices of the Bank or the Subsidiary.
- (p) " Employer(s) " shall be defined as follows:
- (1) Except as otherwise provided in part (2) below, the term "Employer" shall mean the Bank and/or any Subsidiary (now in existence or hereafter formed or acquired) that duly adopts the Plan as provided in Article XIV hereof.
 - (2) For the purpose of determining whether a Participant has experienced a Separation from Service, the term "Employer" shall mean:
 - (A) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and
 - (B) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least eighty percent (80%) when applying, the applicable provisions of (i) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (ii) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).
- (q) " ERISA " shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time, and, to the extent not inconsistent therewith, regulations issued thereunder.
- (r) " Good Reason " shall mean (1) a demotion in the Employee's functional position, or the assignment to the Employee of duties or responsibilities which are materially inconsistent with his or her experience and skills; or (2) a material breach of this Plan by the Bank, provided the Bank has not remedied such breach within thirty (30) days of receipt of written notice of such breach.
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- (s) "Holding Company" shall mean Trustmark Corporation.
 - (t) "Just Cause" shall mean theft, fraud, embezzlement or willful misconduct causing significant property damage to the Bank, the Holding Company or any Subsidiary or personal injury to another employee.
 - (u) "Merger" shall mean a transaction or series of transactions wherein the Bank or Holding Company is combined with another business entity, and after which the persons or entities who had owned, either directly or indirectly, a Controlling Interest in the Bank's or Holding Company's voting stock own less than a Controlling Interest in the voting stock of the combined entity.
 - (v) "Normal Retirement Date" shall be the first day of the month following the month in which the Participant attains his or her sixty-fifth (65th) birthday.
 - (w) "Participant" shall mean an Employee who is selected and elects to participate in the Plan through the execution of a Plan Agreement in accordance with the provisions of Article II.
 - (x) "Plan" shall mean the Executive Deferral Plan of **Trustmark National Bank, Jackson, Mississippi** as amended from time to time.
 - (y) "Plan Agreement" shall mean the form of written agreement, attached hereto as Annex I, which is entered into from time to time by and between the Bank and an Employee selected to become a Participant as a condition to participation in the Plan. Each Plan Agreement executed by a Participant shall provide for the entire benefit to which such Participant is entitled under the Plan, and the Plan Agreement bearing the latest date shall govern such entitlement.
 - (z) "Retirement" and "Retire" shall mean severance of employment with the Bank at or after the attainment of his or her Normal Retirement Date (sometimes referred to as "Normal Retirement") or, if earlier, at or after attainment of his or her Early Retirement Date (sometimes referred to as "Early Retirement"), in either case where Just Cause does not exist.
 - (aa) "Retirement Benefit" shall mean the benefit provided under Article IV of the Plan.
 - (bb) "Separation from Service" or "Separate from Service" shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:
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- (1) For a Participant who provides services to an Employer as an employee, except as otherwise provided in part (3) below, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an employee or as an independent contractor) will permanently decrease to less than fifty percent (50%) of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than thirty-six (36) months).

If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

- (2) For a Participant who provides services to an Employer as an independent contractor, except as otherwise provided in part (3) below, a Separation from Service shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for such Employer, provided that the expiration of such contract(s) is determined by the Committee to constitute a good-faith and complete termination of the contractual relationship between the Participant and such Employer.
- (3) For a Participant who provides services to an Employer as both an employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (1) and (2) above, respectively. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an employee, or (ii) ceases providing services for an Employer as an employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (1) and (2) above.

Notwithstanding the foregoing provisions in this part (3), if a Participant provides services for an Employer as both an employee and as a member of the board of directors (a "Director"), to the extent permitted by Treas. Reg. §1.409A-1 (h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an employee, and the services provided by such Participant as an employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director .

- (cc) "Subsidiary" shall mean any business organization in which **Trustmark National Bank, Jackson, Mississippi**, directly or indirectly, owns an interest, excluding ownership interests **Trustmark National Bank, Jackson, Mississippi** may hold in their fiduciary capacities as trustee or otherwise, and any other business organization that the Board of Directors designates as a Subsidiary for purposes of this Plan, provided in each such case the business organization would be aggregated and treated as a single employer with **Trustmark National Bank, Jackson, Mississippi** under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least eighty percent (80%) when applying, the applicable provisions of (1) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (2) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).
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- (dd) " Substantial Change in Ownership " shall mean a transaction or series of transactions in which a Controlling Interest in the Bank or Holding Company is acquired by or for a person or business entity, either of which did not own, either directly or indirectly, a Controlling Interest in the Bank or Holding Company. The above shall not apply to stock purchased by any tax-qualified employee stock ownership plan or other such type of benefit plan sponsored by the Bank or any company affiliated with the Bank or the Holding Company.

1.2 Construction .

- (a) The masculine gender when used herein shall be deemed to include the feminine gender, and the singular may include the plural unless the context clearly indicates to the contrary. The words "hereof", "herein," "hereunder", and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular provision or section. Whenever the words "Article" or "Section" are used in this Plan, or a cross-reference to an "Article" or "Section" is made, the Article or Section referred to shall be an Article or Section of this Plan unless otherwise specified.
 - (b) The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). Except with respect to Plan benefits not subject to Code Section 409A, the Plan shall be administered and interpreted (i) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (ii) in accordance with Code Section 409A and related Treasury guidance.
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- 1.3 Applicability of Code Section 409A. It is intended that if no part of a Participant's Retirement Benefit is earned or becomes vested after December 31, 2004 and there is no material modification with respect to such benefit which would cause it to become subject to Code Section 409A, then neither this Plan restatement nor Code Section 409A shall apply to such Participant's Plan benefits, and the payment of such Participant's Plan benefits shall be governed by the terms of the Plan as in effect on December 31, 2004.

ARTICLE II

ELIGIBILITY AND PARTICIPATION

- 2.1 Eligibility. In order to be eligible for participation in the Plan, an Employee must be selected by the Committee in the year in which the Employee is eligible to participate and in each succeeding year thereafter as hereinafter provided. The Committee, in its sole and absolute discretion, shall determine eligibility for participation in accordance with the purposes of the Plan.
- 2.2 Participation. After being selected by the Committee to participate in this Plan, an Employee shall, as a condition precedent to participation herein, complete and return to the Committee a duly executed Plan Agreement agreeing to the terms and conditions thereof. Such Plan Agreement shall be completed and returned to the Committee at the time specified thereby and comply with such further conditions as may be established and are determined in the sole discretion of the Committee.

ARTICLE III

DEATH BENEFIT

- 3.1 Amount and Payment of Death Benefit. If a Participant dies before Retirement and before his or her Retirement Benefit commences to be paid pursuant to Section 4.1(b) and the Plan is in effect at that time, the Bank will pay or cause to be paid a Death Benefit to such Participant's Beneficiary. The said Death Benefit shall be (i) one hundred percent (100%) of the Participant's Covered Salary as set forth in the Plan Agreement paid monthly for the next twelve (12) months after such death and (ii) seventy five percent (75%) of said Participant's Covered Salary paid monthly for the next one hundred and eight (108) months or until the Participant would have been age sixty-five (65), whichever is later. Such payments shall commence effective the first day of the month following the date of death.

Notwithstanding the immediately preceding paragraph of this Section 3.1, the Bank will pay or cause to be paid the Death Benefit specified therein only if:

- (a) At the time of the Participant's death prior to attaining his or her Normal Retirement Date such Participant was an Employee and had not Retired, or was Disabled or on authorized leave of absence, and his or her Retirement Benefit has not commenced to be paid pursuant to Section 4.1(b);
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- (b) The Participant's Plan Agreement had been kept in force throughout the period commencing on the date of such Plan Agreement and ending on the date of his or her death;
- (c) The Participant's death was due to causes other than suicide within two (2) years of the date of his or her original Plan Agreement or within two (2) years of the date of any amendment to his or her Plan Agreement or any subsequent Plan Agreement resulting from additional benefits granted because of an increase in the Participant's Covered Salary; but the Participant's suicide shall relieve the Bank only of its obligation to pay that portion of the Death Benefit that was granted within two (2) years prior to the date of such suicide;
- (d) The Participant's death is determined not to be from a bodily or mental cause or causes, information about which was withheld, or knowingly concealed, or falsely provided by the Participant when requested by the Bank to furnish evidence of good health upon the Participant's enrolling in the Plan or upon an application for an increase in benefits because of an increase in Participant's Covered Salary; and
- (e) Proof of death in such form as determined acceptable by the Committee is furnished.

3.2 Disability .

- (a) If a Participant becomes Disabled before attaining his or her Normal Retirement Date and subsequently dies before Retirement and before his or her Retirement Benefit commences to be paid pursuant to Section 4.1(b), the Death Benefit provided in this Article III shall be paid. If a Participant Retires after becoming Disabled or attains his or her Normal Retirement Date, the Retirement Benefit provided in Article IV shall be paid.
 - (b) For purposes hereof, either Disability and Disabled means unable to engage in any substantial gainful activity (1) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (2) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, where the Participant is receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant's Employer, provided that the definition of "disability" applied under such disability insurance program complies with the requirements hereof.
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Notwithstanding the foregoing, a Participant will not be considered Disabled unless:

- (1) such Disability was not either intentionally self-inflicted or caused by illegal or criminal acts of the Participant;
- (2) the Participant was an Employee at the time he or she became Disabled (or was then on an authorized leave of absence); and
- (3) the Participant's Plan Agreement has been kept in force until the time of such Disability.

The determination of what constitutes a Disability or being Disabled and the cessation of being Disabled for purposes of this Section 3.2 shall be made by the Committee, in its sole and absolute discretion, and such determination shall be conclusive.

ARTICLE IV

RETIREMENT BENEFIT

4.1 Payment at Normal Retirement Date.

- (a) Subject to Section 4.1(b) and Section 4.7, if a Participant has remained an Employee until his or her Normal Retirement Date and shall then Retire, and if the Plan and his or her Plan Agreement have been kept in force, the Bank shall pay or cause to be paid to such Participant, as a Retirement Benefit (herein so called), the amount per month specified in his or her Plan Agreement as a Retirement Benefit. Payment of such monthly amount shall commence on the Participant's Normal Retirement Date and shall continue for the life of the Participant. If such Participant shall die before receiving one hundred and twenty (120) monthly payments, the Retirement Benefit will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of one hundred and twenty (120) monthly payments has been paid to the Participant and his or her Beneficiary.
 - (b) This Section 4.1(b) shall apply, effective January 1, 2008, notwithstanding any other provisions of the Plan other than Section 4.7(b). In lieu of payment pursuant to the other applicable provisions of this Article IV, if (1) any portion of a Participant's Retirement Benefit is earned or becomes vested after December 31, 2004 and is thus subject to Code Section 409A, (2) such a Participant has remained an Employee until his or her Normal Retirement Date (or, if later, until December 31, 2007), and (3) the Plan and such Participant's Plan Agreement have been kept in force until such time, the Retirement Benefit of such a Participant shall commence to be paid on the Participant's Normal Retirement Date (or if later, on January 1, 2008) and shall continue for the life of the Participant. The amount of such monthly payment shall be the amount per month specified in the Participant's Plan Agreement on the Participant's Normal Retirement Date (increased where applicable for interest at the rate of four percent (4%), or such other rate as the Committee may determine from time to time, per annum, compounded annually, to the Participant's Normal Retirement Date (or if later, to January 1, 2008). If such Participant shall die before receiving one hundred and twenty (120) monthly payments, the Retirement Benefit will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of one hundred and twenty (120) monthly payments has been paid to the Participant and his or her Beneficiary. Notwithstanding any other provisions of the Plan, in the event a Participant commences to receive his or her Retirement Benefit pursuant to this Section 4.1(b), there shall be no further accrual of, or any increase to, the Participant's Retirement Benefit under the Plan after the Participant's Normal Retirement Date (or, if later, December 31, 2007) unless the Committee provides for the same in a Participant's Plan Agreement (in which case any additional accrual for a year shall commence to be paid on the next anniversary date of the Participant's Normal Retirement Date and shall be payable for the Participant's life, but there shall be no extension of the one hundred and twenty (120) monthly payment period for Retirement Benefits).
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4.2 Early Retirement.

- (a) Subject to Section 4.7, if a Participant has remained an Employee until his or her Early Retirement Date and shall then Retire, and if the Plan and his or her Plan Agreement have been kept in force, the Bank shall pay or cause to be paid to such Participant an Early Retirement Benefit commencing as of the Participant's Early Retirement Date. In such event, the Participant's monthly Early Retirement Benefit shall be the Retirement Benefit set forth in his or her Plan Agreement Actuarially Reduced to the Participant's Early Retirement Date. The said reduced monthly amount, payable for life shall be the only benefit to which such Participant is entitled. If Participant shall die before receiving one hundred and twenty (120) installments after commencement of the Early Retirement Benefit, said amount will be continued to Participant's Beneficiary as set forth in the Beneficiary Designation until a total of one hundred and twenty (120) installments have been paid to the Participant and his or her Beneficiary.
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- (b) A Participant, in connection with his or her commencement of participation in the Plan (or, if later, by December 31, 2008) and consistent with the payment election rules of Code Section 409A (including that the election does not cause amounts otherwise to be paid in the calendar year of election to be deferred to a later calendar year and does not cause amounts otherwise to be paid later than the calendar year of election to be paid in the calendar year of election), may irrevocably elect in his or her Plan Agreement (or in a supplement thereto) to decline to receive his or her Retirement Benefit as an Early Retirement Benefit, in which event his or her Retirement Benefit shall be paid at his or her Normal Retirement Date pursuant to Section 4.1 (subject to acceleration in the event of the Participant's death after Retiring on Early Retirement) and shall not commence to the Participant upon or in connection with his or her Early Retirement.

If such a Participant dies before attainment of his or her Normal Retirement Date, the monthly amount will be paid to Participant's Beneficiary as set forth in Participant's Beneficiary Designation for one hundred and twenty (120) months. Such payments shall commence effective the first day of the month following the date of death, provided that the commencement may be delayed until the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death.

- 4.3 Post Retirement Death Benefit. If a Participant dies after Retirement or commencement of his or her Retirement Benefit pursuant to Section 4.1(b), but before the applicable Retirement Benefit is paid in full, the unpaid Retirement Benefit payments to which such Participant is entitled shall continue and be paid to that Participant's Beneficiary. Such payments shall be made in accordance with the payment schedule to that Participant pursuant to Section 4.1 or 4.2 of the Plan.
- 4.4 Exclusivity of Post Retirement Death Benefit. No Death Benefit as defined in Article III shall be paid to the Beneficiary of a Participant who dies after Retirement or commencement of his or her Retirement Benefit pursuant to Section 4.1(b).
- 4.5 Accrual of Retirement Benefit. A Participant who ceases to be an Employee before completion of one (1) full year of participation in the Plan, except as a result of death, Retirement, or Disability, or as a result of Just Cause at any time shall not be entitled to any benefits hereunder and the Bank shall have no obligation hereunder to such Participant.
- 4.6 Deferred Termination Benefit. A Participant who ceases to be an Employee after the completion of one (1) full year of participation in the Plan and for reasons other than Retirement or Just Cause shall receive a portion of his or her monthly Retirement Benefit upon the earlier of (i) the Participant's death or (ii) attainment of his or her Normal Retirement Date. Said portion shall be the monthly amount of the Retirement Benefit set forth in the Participant's Plan Agreement multiplied by a fraction, not to exceed one (1), the numerator of which is the number of whole years said Employee was a Participant in the Plan and the denominator of which is ten (10). The resulting reduced monthly amount shall be the only benefit to which such Participant is entitled. Subject to Section 4.7, the reduced monthly amount will be payable for life, if Participant so survives, commencing at the Participant's Normal Retirement Date. If such Participant shall die before receiving one hundred and twenty (120) monthly payments, the reduced amount will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of one hundred and twenty (120) monthly payments has been paid to the Participant and his or her Beneficiary.
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If such a Participant dies before attainment of his or her Normal Retirement Date, the reduced monthly amount will be paid to Participant's Beneficiary as set forth in Participant's Beneficiary Designation for one hundred and twenty (120) months. Such payments shall commence effective the first day of the month following the date of death, provided that the commencement may be delayed until the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death. No Death Benefit as defined in Article III shall be paid to the Beneficiary of such a Participant who dies before attainment of his or her Normal Retirement Date.

4.7 Deferral of Payment Commencement to Comply with Code Section 409A or to Avoid Non-Deductibility under Code Section 162(m).

- (a) Notwithstanding any other provisions of the Plan, if a Participant becomes entitled to be paid his or her Retirement Benefit which is considered to be nonqualified deferred compensation for purposes of, and which is subject to, Code Section 409A (taking into account all applicable exclusions and exemptions thereunder) by reason of his or her Retirement or other Separation from Service (which term does not include separation by reason of death or Disability), the following shall apply: (1) such Participant shall not commence to be paid his or her Retirement Benefit until he or she is considered to have a Separation from Service; and (2) where payment commences on account of the Participant's Separation from Service, commencement of payment of his or her Retirement Benefit shall be delayed until six (6) months after such Separation from Service or, if earlier, the Participant's death (the "409A Deferral Period"). In the event payments are delayed by clause (2) of the preceding sentence, the payments otherwise due to be made in installments or periodically during the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends (together with interest thereon based on the interest rate used to determine an Actuarially Reduced payment as of the date of his or her Separation from Service), and the balance of the payments shall thereafter be made as otherwise scheduled.
 - (b) If the Bank's deduction with respect to any distribution from this Plan to a Participant would be limited or eliminated by application of Code Section 162(m), then to the extent permitted by Treas. Reg. §1.409A-2(b)(7)(i), payment shall be delayed as deemed necessary to ensure that the entire amount of any distribution from this Plan to the Participant is deductible. Any amounts for which distribution is delayed pursuant to this provision shall continue to be credited with interest thereon based on the interest rate used to determine an Actuarially Reduced payment. The delayed amounts (and any interest credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Bank reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In the event that such date is determined to be after a Participant's Separation from Service, then the payment to the Participant will be considered made on account of a Separation from Service and must comply with the six (6) month delay in payment required by Section 4.7(a) following such Participant's Separation from Service.
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ARTICLE V

BENEFICIARY

A Participant shall designate his or her Beneficiary to receive benefits under the Plan and his or her Plan Agreement by completing the Beneficiary Designation. If more than one Beneficiary is named, the shares and/or precedence of each Beneficiary shall be indicated. A Participant shall have the right to change the Beneficiary by submitting to the Committee a new Beneficiary Designation. The Beneficiary Designation must be approved in writing by the Bank; however, upon the Bank's acknowledgment of approval, the effective date of the Beneficiary Designation shall be the date it was executed by the Participant. If the Bank has any doubt as to the proper Beneficiary to receive payments hereunder, it shall have the right to withhold such payments until the matter is finally adjudicated. Any payment made by the Bank in good faith and in accordance with the provisions of this Plan and a Participant's Plan Agreement and Beneficiary Designation shall fully discharge the Bank from all further obligations with respect to such payment.

ARTICLE VI

SOURCE OF BENEFITS

- 6.1 Benefits Payable from General Assets . Amounts payable hereunder shall be paid exclusively from the general assets of the Bank, and no person entitled to payment hereunder shall have any claim, right, security interest, or other interest in any fund, trust, account, or other asset of the Bank that may be looked to for such payment. The Bank's liability for the payment of benefits hereunder shall be evidenced only by this Plan and each Plan Agreement entered into between the Bank and a Participant.
 - 6.2 Investments to Facilitate Payment of Benefits . Although the Bank is not obligated to invest in any specific asset or fund in order to provide the means for the payment of any liabilities under this Plan, the Bank may elect to do so and, in such event, no Participant shall have any interest whatever in such asset or fund. As a condition precedent to the Bank's obligation to provide any benefits, including incremental increases in benefits, under this Plan, the Participant shall, if so requested by the Bank, provide evidence of insurability at standard and other rates, in such amounts, and with such insurance carrier or carriers as the Bank may require, including the results and reports of previous Bank and other insurance carrier physical examinations, taking such additional physical examinations as the Bank may request, and taking any other action that the Bank may request, and shall consent to the Bank's acquisition of insurance on his or her life. If a Participant is requested to and does not or cannot provide evidence of insurability as specified in the immediately preceding sentence, then the Bank shall have no further obligation to such Participant under this Plan, and such Participant's Plan Agreement shall terminate, except as to benefits previously granted. Notwithstanding the foregoing, if a Participant cannot provide evidence of insurability at standard rates or for the amounts initially contemplated in connection with his or her participation in the Plan, the Bank may, at its discretion, permit the Participant to participate herein for such benefits and upon such deferral of his or her compensation as the Bank may, in its sole discretion, deem appropriate in a manner which is not violative of Code Section 409A and is set out in his or her Plan Agreement.
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The Participant also understands and agrees that his or her participation, in any way, in the acquisition of any such insurance policy or any other general asset by the Bank shall not constitute a representation to the Participant, his or her Beneficiary, or any person claiming through the Participant that any of them has a special or beneficial interest in such general asset.

- 6.3 Bank Obligation . The Bank shall have no obligation of any nature whatsoever to a Participant under this Plan or a Participant's Plan Agreement, except otherwise expressly provided herein and in such Plan Agreement.
- 6.4 Withholding of Information, Etc . If, in connection with a Participant's enrolling in or applying for incremental benefit increases under the Plan, the Bank requests the Participant to furnish evidence of insurability, the Participant dies, and it is determined that the Participant withheld, knowingly concealed, or knowingly provided false information about the bodily or mental condition or conditions that caused the Participant's death, the Bank shall have no obligation to provide the benefits contracted for on the basis of such withholding, concealment, or false information.

ARTICLE VII

TERMINATION OF EMPLOYMENT

Neither this Plan nor a Participant's Plan Agreement, either singly or collectively, in any way obligate the Bank to continue the employment of a Participant with the Bank nor does either limit the right of the Bank at any time and for any reason to terminate the Participant's employment. Termination of a Participant's employment with the Bank for any reason, whether by action of the Bank, shall immediately terminate his or her participation in this Plan and his or her Plan Agreement, and all further obligations of either party thereunder, except as may be provided in Section 4.6 and/or Section 9.3. In no event shall this Plan or a Plan Agreement, either singly or collectively, by their terms or implications constitute an employment contract of any nature whatsoever between the Bank and a Participant.

ARTICLE VIII

TERMINATION OF PARTICIPATION

- 8.1 Termination of Participation - General . A Participant reserves the right to terminate his or her participation in this Plan and his or her Plan Agreement at his or her election at any time by giving the Committee written notice of such termination not less than thirty (30) days prior to an anniversary date of the date of execution of his or her Plan Agreement. A Participant's termination shall be effective as soon as administratively convenient after such anniversary date. If a Participant terminates his or her participation in the Plan, such participation termination must not be violative of Code Section 409A and, in the case of a Participant who has agreed to a deferral of compensation pursuant to the Plan, must be effected as of the beginning of a calendar year, or as of a specified date is a calendar year, following the calendar year in which the Participant delivers written notice of his or her participation termination to the Committee.
- 8.2 Rights After Termination of Participation . Participants who elect to terminate participation in the Plan after one (1) full year of participation but before eligibility for Retirement will be entitled to the same benefits as a Participant who ceases to be an Employee as described in Section 4.6. Such Participants will not be entitled to a Death Benefit under Article III.

ARTICLE IX

TERMINATIONS, AMENDMENTS, MODIFICATION OR

SUPPLEMENT OF PLAN

- 9.1 Termination Amendment, Etc . The Bank reserves the right to terminate, amend, modify or supplement this Plan, wholly or partially, and from time to time, at any time. The Bank likewise reserves the right to terminate, amend, modify, or supplement any Plan Agreement, wholly or partially, from time to time. Such right to terminate, amend, modify, or supplement this Plan or any Plan Agreement shall be exercised for the Bank by the Committee; provided, however, that:
- (a) Except as deemed appropriate to comply with Code Section 409A, no action to terminate this Plan or a Plan Agreement shall be taken except upon written notice to each Participant to be affected thereby, which notice shall be given not less than thirty (30) days prior to such action; and
 - (b) The Committee shall take no action to terminate this Plan or a Plan Agreement with respect to a Participant or his or her Beneficiary after the payment of any benefit has commenced in accordance with Article III or Article IV but has not been completed.
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Notwithstanding the foregoing, the Bank may not provide for acceleration in payment of any Plan benefit subject to Code Section 409A upon termination of the Plan, or for termination of any compensation deferral by a Participant pursuant to the Plan in connection with the termination of the Plan, unless it does so subject to and in accordance with any rules established by it deemed necessary to comply with the applicable requirements and limitations of Code Section 409A and Treas. Reg. §1.409A-3(j)(4)(ix).

- 9.2 Rights and Obligations Upon Termination. Upon the termination of this Plan or any Plan Agreements, by either the Committee or a Participant in accordance with the provisions for such termination, neither this Plan nor the Plan Agreement shall be of any further force and effect, and no party shall have any further obligation under either this Plan or any Plan Agreement so terminated except as may be provided for in Section 4.6, Section 9.3, or the provisions of this Article IX.
- 9.3 Rights and Obligations Upon Termination as Result of "Change in Control". In the event the Bank or Holding Company should undergo a Change in Control to another corporation, firm or person and within three (3) years of such Change in Control such corporation, firm or person takes action to terminate this Plan or a Participant in the Plan or if the Employee resigns for Good Reason, a Participant who is an Employee at such time will, nevertheless, be entitled to a portion of his or her monthly Retirement Benefit upon the earlier of (i) the Participant's death, (ii) Early Retirement Date or (iii) attainment of his or her Normal Retirement Date. Said portion shall be the monthly amount of the Retirement Benefit set forth in the Participant's Plan Agreement multiplied by a fraction, not to exceed one (1), the numerator of which is the number of whole years said Employee was a Participant in the Plan plus, in the case of a Participant who has not attained his or her Normal Retirement Date (or, if later, December 31, 2007), five (5) additional years and the denominator of which is ten (10). The resulting reduced monthly amount shall be the only benefit to which such Participant is entitled. The reduced monthly amount will be payable for life, if Participant so survives, at the Participant's Normal Retirement Date; provided, however, that if the Participant retires on Early Retirement, the Participant's monthly amount shall be the monthly amount determined above Actuarially Reduced to the Participant's Early Retirement Date and, subject to Section 4.7, shall commence on the Participant's Early Retirement Date. If such Participant shall die before receiving one hundred and twenty (120) monthly payments, the reduced amount will be continued to the Participant's Beneficiary as set forth in the Beneficiary Designation until an aggregate of one hundred and twenty (120) monthly payments has been paid to the Participant and his or her Beneficiary. If Participant dies before his or her Retirement on Early Retirement or attainment of his or her Normal Retirement Date, the reduced monthly amount will be paid to Participant's Beneficiary as set forth in Participant's Beneficiary Designation for one hundred and twenty (120) months. Such payments shall commence effective the first day of the month following the date of death.
- 9.4 Revocation. In the event Participant is discharged for Just Cause at any time, his or her Plan Agreement shall be terminated and considered null and void with neither the Participant nor Participant's Beneficiary having any claim or right against Bank under this Plan or the Participant's Plan Agreement thereafter.
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ARTICLE X

OTHER BENEFITS AND AGREEMENTS

The benefits provided for a Participant and his or her Beneficiary hereunder and under such Participant's Plan Agreement are in addition to any other benefits available to such Participant under any other program or plan of the Bank for its Employees, and, except as may otherwise be expressly provided for, this Plan and Plan Agreements entered into hereunder shall supplement and shall not supersede, modify, or amend any other program or plan of the Bank or a Participant. Moreover, benefits under this Plan and Plan Agreements entered into hereunder shall not be considered compensation for the purpose of computing deferrals or benefits under any plan maintained by the Bank that is qualified under Code Section 401(a).

ARTICLE XI

RESTRICTIONS ON ALIENATION OF BENEFITS

No right or benefit under this Plan or a Plan Agreement shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder or under any Plan Agreement shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant or Beneficiary under this Plan or a Plan Agreement should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right to a benefit hereunder or under any Plan Agreement, then such right or benefit shall, in the discretion of the Committee, terminate, and, in such event, the Committee shall hold or apply the same or any part thereof for the benefit of such Participant or Beneficiary, his or her spouse, children, or other dependents, or any of them, in such manner and in such portion as the Committee, in its sole and absolute discretion, may deem proper.

ARTICLE XII

ADMINISTRATION OF THIS PLAN

12.1 Appointment of Committee. The general administration of this Plan, and any Plan Agreements executed hereunder, as well as construction and interpretation thereof, shall be vested in the Committee, the number and members of which shall be designated and appointed from time to time by, and shall serve at the pleasure of, the Board of Directors. Any such member of the Committee may resign by notice in writing filed with the secretary of the Committee. Vacancies shall be filled promptly by the Board of Directors but any vacancies remaining unfilled for ninety days may be filled by a majority vote of the remaining members of the Committee. Each person appointed a member of the Committee shall signify his or her acceptance by filing a written acceptance with the secretary of the Committee.

- 12.2 Committee Officials . The Board of Directors shall designate one of the members of the Committee as chairman and shall appoint a secretary who need not be a member of the Committee. The secretary shall keep minutes of the Committee's proceedings and all data, records and documents relating to the Committee's administration of this Plan and any Plan Agreements executed hereunder. The Committee may appoint from its number such subcommittees with such powers as the Committee shall determine and may authorize one or more of its members or any agent to execute or deliver any instrument or make any payment on behalf of the Committee.
- 12.3 Committee Action . All resolutions or other actions taken by the Committee shall be by the vote of a majority of those members 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.
- 12.4 Committee Rules and Powers - General . Subject to the provisions of this Plan, the Committee shall from time to time establish rules, forms, and procedures for the administration of this Plan, including Plan Agreements. The Committee shall have the exclusive right to determine, among other matters, (i) Disability with respect to a Participant and (ii) the degree thereof, either or both determinations to be made on the basis of such medical and/or other evidence that the Committee, in its sole and absolute discretion, may require. Such decisions, actions, and records of the Committee shall be conclusive and binding upon the Bank and all persons having or claiming to have any right or interest in or under this Plan.
- 12.5 Reliance on Certificate, Etc . The members of the Committee and the officers and directors of the Bank 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. Such legal counsel may be counsel for the Bank.
- 12.6 Liability of Committee . No member of the Committee shall be liable for any act or omission of any other member of the Committee, or for any act or omission on his or her own part, excepting only his or her own willful misconduct. The Bank shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his or her membership on the Committee, excepting only expenses and liabilities arising out of his or her own willful misconduct. 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 may be entitled as a matter of law.
- 12.7 Determination of Benefits . In addition to the powers hereinabove specified, the Committee shall have the power to compute and certify, under this Plan and any Plan Agreement, the amount and kind of benefits from time to time payable to Participants and their Beneficiaries, and to authorize all disbursements for such purposes.
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- 12.8 Information to Committee . To enable the Committee to perform its functions, the Bank shall supply full and timely information to the Committee on all matters relating to the compensation of all Participants, their retirement, death or other cause for termination of employment, and such other pertinent facts as the Committee may require.
- 12.9 Manner and time of Payment of Benefits . The Committee shall have the power, in its sole and absolute discretion, to change the manner and time of payment of benefits to be made to a Participant or his or her Beneficiary from that set forth in the Participant's Plan Agreement if requested to do so by such Participant or Beneficiary.

ARTICLE XIII

NAMED FIDUCIARY AND CLAIMS PROCEDURE

- 13.1 Named Fiduciary . The Named Fiduciary of the Plan for purposes of the claims procedure under this Plan is the Chief Financial Officer; provided, however, that if the claim relates to a Plan benefit of the Chief Financial Officer, the Named Fiduciary shall be the person or committee designated by the Bank.
- 13.2 Right to Change Named Fiduciary . The Bank shall have the right to change the Named Fiduciary created under this Plan. The Bank shall also have the right to change the address and telephone number of the Named Fiduciary. The Bank shall give the Participant written notice of any change of the Named Fiduciary, or any change in the address and telephone number of the Named Fiduciary.
- 13.3 Procedure for Claims . Benefits shall be paid in accordance with the provisions of this Plan. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Named Fiduciary a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. The written claim shall be mailed or delivered to the Named Fiduciary. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within one hundred and eighty (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.
- 13.4 Notification of Denial of Claim . The Named Fiduciary shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Named Fiduciary determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Fiduciary expects to render the benefit determination. The Named Fiduciary shall notify the Claimant in writing:
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- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
- (b) that the Named Fiduciary has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
 - (1) the specific reason(s) for the denial of the claim, or any part of it;
 - (2) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (3) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
 - (4) an explanation of the claim review procedure set forth in Section 13.5 below; and
 - (5) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

13.5 Review of a Denied Claim. On or before sixty (60) days after receiving a notice from the Named Fiduciary that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Named Fiduciary a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

- (a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;
- (b) may submit written comments or other documents; and/or
- (c) may request a hearing, which the Named Fiduciary, in its sole discretion, may grant.

13.6 Decision on Review. The Named Fiduciary shall render its decision on review promptly, and no later than sixty (60) days after the Named Fiduciary receives the Claimant's written request for a review of the denial of the claim. If the Named Fiduciary determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Fiduciary expects to render the benefit determination. In rendering its decision, the Named Fiduciary shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and
- (d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

13.7 Legal Action. A Claimant's compliance with the foregoing provisions of this Article XIII is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE XIV

ADOPTION OF PLAN BY SUBSIDIARY,

AFFILIATED OR ASSOCIATED COMPANIES

Any corporation that is a Subsidiary may, with the approval of the Board of Directors, adopt this Plan and thereby come within the definition of Bank in Article I hereof.

ARTICLE XV

MISCELLANEOUS

15.1 Execution of Receipts and Releases. Any payment to any Participant, a Participant's legal representative, or Beneficiary in accordance with the provisions of this Plan or Plan Agreement executed hereunder shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Bank. The Bank may require such Participant, legal representative, or Beneficiary, as a condition precedent to such payment, to execute a receipt and release therefore in such form as it may determine.

15.2 No Guarantee of Interests. Neither the Committee nor any of its members guarantees the payment of any amounts which may be or become due to any person or entity under this Plan or any Plan Agreement executed hereunder. The liability of the Bank to make any payment under this Plan or any Plan Agreement executed hereunder is limited to the then available assets of the Bank.

- 15.3 Bank Records . Records of the Bank as to a Participant's employment, termination of employment and the reason therefor authorized leaves of absence, and compensation shall be conclusive on all persons and entities, unless determined to be incorrect.
- 15.4 Evidence . Evidence required of anyone under this Plan and any Plan Agreement executed hereunder may be by certificate, affidavit, document, or other information which the person or entity acting on it considers pertinent and reliable, and signed, made, or presented by the proper party or parties.
- 15.5 Notice . Any notice which shall be or may be given under this Plan or a Plan Agreement executed hereunder shall be in writing and shall be mailed by United States mail, postage prepaid. If notice is to be given to the Bank, such notice shall be addressed to the Bank at:

Trustmark National Bank, Jackson, Mississippi
Box 291
Jackson, Mississippi 39205

marked to the attention of the Secretary, Administrative Committee, Executive Deferral Plan; or, if notice to a Participant, addressed to the address shown on such Participant's Plan Agreement.

- 15.6 Change of Address . Any party may, from time to time, change the address to which notices shall be mailed by giving written notice of such new address.
- 15.7 Effect of Provisions . The provisions of this Plan and of any Plan Agreement executed hereunder shall be binding upon the Bank and its successors and assigns, and upon a Participant, his or her Beneficiary, assigns, heirs, executors, and administrators.
- 15.8 Headings . The titles and headings of Articles and Sections are included for convenience of reference only and are not to be considered in the construction of the provisions hereof or any Plan Agreement executed hereunder.
- 15.9 Governing Law . All questions arising with respect to this Plan and any Plan Agreement executed hereunder shall be determined by reference to the laws of the State of Mississippi, as in effect at the time of their adoption and execution, respectively.

COMPLETE

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

PLAN AGREEMENT

I acknowledge that, as an Employee of **Trustmark National Bank, Jackson, Mississippi**, I have been offered an opportunity to participate in the Executive Deferral Plan ("Plan"), as described in the attached document, in the forthcoming year and that I have irrevocably elected one of the two alternatives set forth as indicated by the space which I have checked:

To participate in the Plan.

Not to participate in the Plan.

Participant's Covered Salary and benefits under the Plan are agreed to be as follows:

1. **Participant's Covered Salary:** \$ _____ per month.

This represents ___% of the Covered Salary made available for computation of Retirement and Death Benefits.

2. **Death Benefit (Article III of Plan):**

\$ _____ per month for first twelve (12) months.

\$ _____ per month for next one hundred and eight (108) months or until Participant would have attained his or her Normal Retirement Date, whichever is later.

3. **Retirement Benefit (Article IV of Plan):**

(a) Retirement at Normal Retirement Date: \$ ___per month for life. If Participant shall die prior to receiving one hundred and twenty (120) monthly payments, said amount shall be continued to Participant's Beneficiary in accordance with Beneficiary Designation until the balance of the one hundred and twenty (120) monthly payments has been paid.

(b) Retirement before Normal Retirement Date: Amounts to be determined and paid as specified by Section 4.2(a) of the Plan unless an election is made below to be paid at Participant's Normal Retirement Date:

I elect that, if I retire on Early Retirement under the Plan, my Retirement Benefit will commence at my Normal Retirement Date (rather than 6 months after my Early Retirement Date as provided in Section 4.2(a) of the Plan) or, if earlier, after my death as provided in Section 4.2(b) of the Plan.

(c) Termination Benefit: Amounts to be determined and paid as specified by Section 4.6 and/or Section 9.3 of the Plan.

I understand and further acknowledge that if I terminate the relationship with the above-named Bank or terminate participation in the Plan by terminating this Plan Agreement prior to my Retirement (as defined in Section 1.1 of the Plan) or commencement of my Retirement Benefit payment pursuant to Section 4.1(b) of the Plan, except as provided in Section 4.6 and Section 9.3 of the Plan, I will forfeit my right to receive any benefits under the Plan and that all payments, if any, that I have made under the Plan will be forfeited.

I further acknowledge that any rights I or any Beneficiary have shall be solely those of an unsecured-creditor of the Bank. If the Bank shall purchase an insurance policy or any other asset in connection with the liabilities assumed by it hereunder, then, except as otherwise expressly provided, such policy or other assets shall not be deemed to be held under any trust for my benefit or the benefit of my Beneficiary or to be collateral security for the performance of the obligations of the Bank, but shall be, and remain, a general, unpledged, unrestricted asset of the Bank.

I further acknowledge that neither the Bank nor any of its subsidiaries, affiliated companies, officers, employees or agents has any responsibility whatsoever for any changes which I may make in other personal plans or programs as a result of my decision regarding the Plan and they are fully released to such extent, and I understand that the Plan and this Plan Agreement may be terminated at any time, in the sole discretion of the Bank, without any obligation of any nature whatsoever to the Bank, except a Participant shall have those rights provided for in Articles III, IV, VIII and IX of said Plan, to the extent such may be applicable to him or her at the time of such termination.

IN WITNESS WHEREOF, TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI has executed this Plan Agreement as of _____, 20 _____.

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

By _____

Title _____

PARTICIPANT

(Signature)

(Type or print name)

(Address of Participant)

EXECUTIVE DEFERRAL PLAN

OF

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

BENEFICIARY DESIGNATION

1. Participant: _____

2. Scope: This Beneficiary Designation applies to all benefits of the Plan to which the above-named Participant has the right to name the Beneficiary.

3. COUNSEL: THE DESIGNATION OF A BENEFICIARY OR BENEFICIARIES IN ITEMS 4, 5, AND 6 BELOW MAY HAVE SIGNIFICANT ESTATE AND GIFT TAX CONSEQUENCES TO THE PARTICIPANT. ACCORDINGLY, THE PARTICIPANT SHOULD SEEK THE ADVICE OF PROFESSIONAL COUNSEL WHO IS FAMILIAR WITH THE ESTATE AND GIFT TAX ASPECTS OF NONQUALIFIED RETIREMENT AND SALARY CONTINUATION PLANS BEFORE COMPLETING THIS FORM.

4. Identification of Beneficiaries:

A. Primary Beneficiary: _____

B. Secondary Beneficiary: _____

5. Methods of Payment (Check One):

____ Alternative 1. Beneficiary shall mean the Primary Beneficiary if such Primary Beneficiary survives Participant, and shall mean the Primary Beneficiary's estate if such Primary Beneficiary survives Participant but thereafter dies. The term Beneficiary shall mean the Secondary Beneficiary if the Primary Beneficiary fails to survive Participant, and shall mean the Secondary Beneficiary's estate when the Secondary Beneficiary thereafter dies. If both the Primary and Secondary Beneficiaries fail to survive Participant, the term Beneficiary shall mean the Participant's estate.

____ Alternative 2. Beneficiary shall mean the Primary Beneficiary if such Primary Beneficiary survives Participant, and shall mean the Secondary Beneficiary if either the Primary Beneficiary fails to survive Participant or the Primary Beneficiary survives Participant but thereafter dies. If both the Primary and Secondary Beneficiaries fail to survive Participant, the term Beneficiary shall mean the Participant's estate.

____ Alternative 3. _____

6. Survivorship (Check One):

___ Alternative 1. For purposes of this Beneficiary Designation, no person shall be deemed to have survived the Participant if that person dies within thirty (30) days of the Participant's death.

___ Alternative 2. If the Participant and the Participant's spouse die under circumstances such that there is insufficient evidence to determine the order of their deaths or if the Participant's spouse outlives the Participant for any time whatsoever, the Participant's spouse shall be deemed to have survived the Participant. For all other purposes of this Beneficiary Designation, no person shall be deemed to have survived the Participant if that person dies within thirty (30) days of the Participant's death.

7. Duration: This Beneficiary Designation is effective until the Participant files another such Designation with the Bank. Any previous Beneficiary Designations are hereby revoked.

8. Execution:

Date: _____ Participant: _____

Witness: _____

9. Approval: This Beneficiary Designation is acknowledged and approved this ____ day of _____, 20____ and shall be effective as of the date executed by the Participant above.

TRUSTMARK NATIONAL BANK, JACKSON, MISSISSIPPI

By _____

Title _____

Trustmark Corporation
Deferred Compensation Plan
Master Plan Document

As Restated Effective December 31, 2007

TRUSTMARK CORPORATION
DEFERRED COMPENSATION PLAN
As Restated Effective December 31, 2007

Purpose

This Plan is an amendment and restatement of the Trustmark Corporation Deferred Compensation Plan (Effective January 1, 2002) (sometimes referred to as the 2002 Plan). The purpose of this Plan is to provide specified benefits to Directors and a select group of management or highly compensated Employees who are selected for participation in this Plan and contribute materially to the continued growth, development and future business success of Trustmark Corporation, a Mississippi corporation, and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

The purpose of this restatement of the Plan is to comply with the written plan document requirements of Code Section 409A and related Treasury guidance and Regulations with respect to Account Balances which are subject to Code Section 409A, and this Plan as restated shall be operated and interpreted in accordance with this intention. In order to transition to the requirements of Code Section 409A and related Treasury Regulations, the Committee may make available to Participants certain transition relief provided under Notice 2006-79, as described more fully in Appendix A of this Plan.

In addition, it is intended that the distribution and related provisions of the 2002 Plan shall continue to apply to Account Balances which are not subject to Code Section 409A (that is, balances attributable to the amounts which were earned and vested as of December 31, 2004, determined without regard to any material amendment after October 3, 2004). For that purpose, an Appendix B has been added to this Plan; and that Appendix B generally contains the distribution and related provisions of the 2002 Plan which shall continue to govern all Account Balances which are not subject to Code Section 409A, while the terms and conditions of this Plan document (other than Appendix B) shall govern all Account Balances which are subject to Code Section 409A.

Thus, it is intended that the provisions of this Plan (exclusive of Appendix B) shall generally apply to Account Balances which are subject to Code Section 409A, that the terms and conditions of the 2002 Plan regarding distributions of Account Balances which are not subject to Code Section 409A shall continue to apply by their inclusion in Appendix B so that Account Balances which are not subject to Section Code 409A continue to be exempt from Code Section 409A, and that the balance of the administrative and other provisions of this Plan shall apply to Account Balances which are not subject to Code Section 409A, provided such application would not be considered a material modification of the 2002 Plan which would cause Account Balances which are not subject to Code Section 409A thereunder to become subject to Code Section 409A.

ARTICLE 1
Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

- 1.1 "Account Balance" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of the Participant's Annual Accounts. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.
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If a Participant is both an Employee and a Director and participates in the Plan in each capacity, then separate Account Balances (and separate Annual Accounts, if applicable) shall be established for such Participant as a device for the measurement and determination of the (a) amounts deferred under the Plan that are attributable to the Participant's status as an Employee, and (b) amounts deferred under the Plan that are attributable to the Participant's status as a Director.

- 1.2 "Annual Account" shall mean, with respect to a Participant, an entry on the records of the Employer equal to (a) the sum of the Participant's Annual Deferral Amount for any one Plan Year, plus (b) amounts credited or debited to such amounts pursuant to this Plan, less (c) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.
 - 1.3 "Annual Deferral Amount" shall mean that portion of a Participant's Base Salary, Bonus, Commissions and Director Fees that a Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year.
 - 1.4 "Annual Installment Method" shall mean the method used to determine the amount of each payment due to a Participant who has elected to receive a benefit over a period of years in accordance with the applicable provisions of the Plan. The amount of each annual payment due to the Participant shall be calculated by multiplying the balance of the Participant's benefit by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. The amount of the first annual payment shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date, and the amount of each subsequent annual payment shall be calculated on or around each anniversary of such Benefit Distribution Date. For purposes of this Plan, the right to receive a benefit payment in annual installments shall be treated as the entitlement to a single payment.
 - 1.5 "Base Salary" shall mean the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.
 - 1.6 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 10, that are entitled to receive benefits under this Plan upon the death of a Participant.
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- 1.7 “Beneficiary Designation Form” shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.
- 1.8 “Benefit Distribution Date” shall mean the date upon which all or an objectively determinable portion of a Participant’s vested benefits will become eligible for distribution. Except as otherwise provided in the Plan, a Participant’s Benefit Distribution Date shall be determined based on the earliest to occur of an event or scheduled date set forth in Articles 4 through 9, as applicable.
- 1.9 “Board” shall mean the board of directors of the Company.
- 1.10 “Bonus” shall mean any compensation, in addition to Base Salary and Commissions, earned by a Participant under any Employer’s annual bonus and cash incentive plans.
- 1.11 “Change in Control” shall mean the first to occur of any of a Buyout, Merger, Dissolution, or Substantial Change in Ownership. The following terms have the following meanings for this purpose:
- (a) “Bank” shall mean Trustmark National Bank.
 - (b) “Buyout” shall mean a transaction or series of related transactions by which the Company or Bank is sold, either through the sale of a Controlling Interest in the Company’s or Bank’s voting stock or through the sale of substantially all of the Company’s or Bank’s assets, to a party not having a Controlling Interest in the Company’s or Bank’s voting stock.
 - (c) “Controlling Interest” shall mean ownership, either directly or indirectly, of more than 20% of the entity’s voting stock.
 - (d) “Dissolution” shall mean the dissolution or liquidation of the Company or Bank.
 - (e) “Merger” shall mean a transaction or a series of transactions wherein the Company or Bank is combined with another business entity, and after which the persons or entities who had owned, either directly or indirectly, a Controlling Interest in the Company’s or Bank’s voting stock own less than a Controlling Interest in the voting stock of the combined entity.
 - (f) “Substantial Change in Ownership” shall mean a transaction or series of transactions in which a Controlling Interest in the Company or Bank is acquired by or for a person or business entity, either of which did not own, either directly or indirectly, a Controlling Interest in the Company or Bank. The above shall not apply to stock purchased by any tax-qualified employee stock ownership plan or such type of benefit plan sponsored by the Company or any of its subsidiaries.
- 1.12 “Code” shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.
- 1.13 “Commissions” shall mean the cash commissions earned by a Participant during a Plan Year, as determined in accordance with Code Section 409A and related Treasury Regulations.
- 1.14 “Committee” shall mean the committee described in Article 13.
- 1.15 “Company” shall mean Trustmark Corporation, a Mississippi corporation, and any successor to all or substantially all of the Company’s assets or business.
- 1.16 “Director” shall mean any member of the board of directors of any Employer.
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- 1.17 “Director Fees” shall mean the annual fees earned by a Director from any Employer, including retainer fees and meetings fees, as compensation for serving on the board of directors.
- 1.18 “Disability” or “Disabled” shall mean that a Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant’s Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant’s Employer, provided that the definition of “disability” applied under such disability insurance program complies with the requirements of this Section.
- 1.19 “Election Form” shall mean the form, which may be in electronic format, established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.
- 1.20 “Employee” shall mean a person who is an employee of an Employer.
- 1.21 “Employer(s)” shall be defined as follows:
- (a) Except as otherwise provided in part (b) of this Section, the term “Employer” shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.
 - (b) For the purpose of determining whether a Participant has experienced a Separation from Service, the term “Employer” shall mean:
 - (i) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and
 - (ii) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of 80% when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).
- 1.22 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.
- 1.23 “Participant” shall mean any Employee or Director (a) who is selected to participate in the Plan, (b) whose executed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, and (c) whose Plan Agreement has not terminated.
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- 1.24 “Performance-Based Compensation” shall mean compensation the entitlement to or amount of which is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(e). The outcome under the applicable pre-established organizational or individual performance criteria must be substantially uncertain at the time of establishment, and the criteria must be established no later than 90 days after the beginning of the period of service to which the incentive compensation and performance relate.
- 1.25 “Plan” shall mean the Trustmark Corporation Deferred Compensation Plan, which shall be evidenced by this instrument, as it may be amended from time to time, and by any other documents that together with this instrument define a Participant’s rights to amounts credited to his or her Account Balance.
- 1.26 “Plan Agreement” shall mean a written agreement in the form prescribed by or acceptable to the Committee that evidences a Participant’s agreement to the terms of the Plan and which may establish additional terms or conditions of Plan participation for a Participant. Unless otherwise determined by the Committee, the most recent Plan Agreement accepted with respect to a Participant shall supersede any prior Plan Agreements for such Participant. Plan Agreements may vary among Participants and may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan.
- 1.27 “Plan Year” shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.
- 1.28 “Retirement,” “Retire(s)” or “Retired” shall mean with respect to a Participant who is an Employee, a Separation from Service on or after the attainment of (a) age 65 or (b) age 50 with 5 Years of Service, and shall mean with respect to a Participant who is a Director, a Separation from Service on or after the attainment of age 65. If a Participant is both an Employee and a Director and participates in the Plan in each capacity, (a) the determination of whether the Participant qualifies for Retirement as an Employee shall be made when the Participant experiences a Separation from Service as an Employee and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as an Employee, and (b) the determination of whether the Participant qualifies for Retirement as a Director shall be made at the time the Participant experiences a Separation from Service as a Director and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as a Director.
- 1.29 “Separation from Service” shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. §1.409A-1 (h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:
- (a) For a Participant who provides services to an Employer as an Employee, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to less than 50% of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).
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If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

- (b) For a Participant who provides services to an Employer as an independent contractor, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for such Employer, provided that the expiration of such contract(s) is determined by the Committee to constitute a good-faith and complete termination of the contractual relationship between the Participant and such Employer.
- (c) For a Participant who provides services to an Employer as both an Employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an Employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (a) and (b) of this Section, respectively. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an Employee, or (ii) ceases providing services for an Employer as an Employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (a) and (b) of this Section.

Notwithstanding the foregoing provisions in this part (c), if a Participant provides services for an Employer as both an Employee and as a Director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an Employee, and the services provided by such Participant as an Employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director.

1.30 “Trust” shall mean one or more trusts established by the Company in accordance with Article 16.

- 1.31 “Unforeseeable Emergency” shall mean a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary or the Participant’s dependent (as defined in Code Section 152 without regard to paragraphs (b)(1), (b)(2) and (d)(1)(b) thereof), (b) a loss of the Participant’s property due to casualty, or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Committee based on the relevant facts and circumstances.
- 1.32 “Years of Service” shall mean the total number of full years in which a Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Employee's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. A partial year of employment shall not be treated as a Year of Service.

ARTICLE 2
Selection, Enrollment, Eligibility

- 2.1 **Selection by Committee** . Participation in the Plan shall be limited to Directors and a select group of management or highly compensated Employees, as determined by the Committee in its sole discretion. From that group, the Committee shall select, in its sole discretion, those individuals who may actually participate in this Plan.
- 2.2 **Enrollment and Eligibility Requirements; Commencement of Participation** .
- (a) As a condition to participation, each selected Director or Employee shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form by the deadline(s) established by the Committee in accordance with the applicable provisions of this Plan. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.
 - (b) Each selected Director or Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Committee determines that the Director or Employee has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period.
 - (c) If a Director or an Employee fails to meet all requirements established by the Committee within the period required, that Director or Employee shall not be eligible to participate in the Plan during such Plan Year.

ARTICLE 3
Deferral Commitments/Vesting/Crediting/Taxes

- 3.1 **Minimum and Maximum Deferral** .
- (a) **Annual Deferral Amount** . For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, subject to the limitations provided below, Base Salary, Bonus, Commissions and/or Director Fees up to the following maximum percentages for each deferral elected:
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Deferral	Maximum Percentage
Base Salary	90%
Bonus	90%
Commissions	90%
Director Fees	100%

In addition, the Annual Deferral Amount must be for an anticipated combined minimum amount of \$2,500 (assuming continued employment). If an election is made for less than the stated anticipated combined minimum amount (as determined by the Committee), the election shall be void from the outset and the amount deferred shall be zero; otherwise the election shall be given effect even if the amount deferred actually is less than \$2,500.

- (b) **Short Plan Year**. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, then to the extent required by Section 3.2 and Code Section 409A and related Treasury Regulations, the maximum amount of the Participant's Base Salary, Bonus, Commissions or Director Fees that may be deferred by the Participant for the Plan Year shall be determined by applying the percentages set forth in Section 3.1(a) to the portion of such compensation attributable to services performed after the date that the Participant's deferral election is made.

3.2 **Timing of Deferral Elections; Effect of Election Form**

- (a) **General Timing Rule for Deferral Elections**. Except as otherwise provided in this Section, in order for a Participant to make a valid election to defer Base Salary, Bonus, Commissions and/or Director Fees, the Participant must submit an Election Form on or before the deadline established by the Committee, which in no event shall be later than the December 31st preceding the Plan Year in which such compensation will be earned.

Any deferral election made in accordance with this part (a) of this Section shall be irrevocable; provided, however, that if the Committee permits or requires Participants to make a deferral election by the deadline described above for an amount that qualifies as Performance-Based Compensation, the Committee may permit a Participant to subsequently change his or her deferral election for such compensation by submitting a new Election Form in accordance with Section 3.2(d) below.

- (b) **Timing of Deferral Elections for Newly Eligible Plan Participants**. A selected Director or Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year, as determined in accordance with Treas. Reg. §1.409A-2(a)(7)(ii) and the "plan aggregation" rules provided in Treas. Reg. §1.409A-1(c)(2), may be permitted to make an election to defer the portion of Base Salary, Bonus, Commissions and/or Director Fees attributable to services to be performed after such election, provided that the Participant submits an Election Form on or before the deadline established by the Committee, which in no event shall be later than 30 days after the Participant first becomes eligible to participate in the Plan.

If a deferral election made in accordance with this part (b) of this Section relates to compensation earned based upon a specified performance period, the amount eligible for deferral shall be equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period.

Any deferral election made in accordance with this part (b) of this Section shall become irrevocable no later than the 30th day after the date the selected Director or Employee becomes eligible to participate in the Plan.

- (c) **Timing of Deferral Elections for Fiscal Year Compensation**. In the event that the fiscal year of an Employer is different than the taxable year of a Participant, the Committee may determine that a deferral election may be made for “fiscal year compensation” (as defined below), by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than the last day of the Employer’s fiscal year immediately preceding the fiscal year in which the services related to such compensation will begin to be performed. For purposes of this Section, the term “fiscal year compensation” shall only include Bonus relating to a service period coextensive with one or more consecutive fiscal years of the Employer, of which no amount is paid or payable during the Employer’s fiscal year(s) that constitute the service period.

A deferral election made in accordance with this part (c) of this Section shall be irrevocable; provided, however, that if the Committee permits or requires Participants to make a deferral election by the deadline described in this part (c) of this Section for an amount that qualifies as Performance-Based Compensation, the Committee may permit a Participant to subsequently change his or her deferral election for such compensation by submitting a new Election Form in accordance with part (d) of Section 3.2 below.

- (d) **Timing of Deferral Elections for Performance-Based Compensation**. Subject to the limitations described below, the Committee may determine that an irrevocable deferral election for an amount that qualifies as Performance-Based Compensation may be made by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than 6 months before the end of the performance period.

In order for a Participant to be eligible to make a deferral election for Performance-Based Compensation in accordance with the deadline established pursuant to this part (d) of this Section, the Participant must have performed services continuously from the later of (i) the beginning of the performance period for such compensation, or (ii) the date upon which the performance criteria for such compensation are established, through the date upon which the Participant makes the deferral election for such compensation. In no event shall a deferral election submitted under this part (d) of this Section be permitted to apply to any amount of Performance-Based Compensation that has become readily ascertainable.

- (e) **Timing Rule for Deferral of Compensation Subject to Risk of Forfeiture**. With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant’s continued services for a period of at least 12 months from the date the Participant obtains the legally binding right, the Committee may determine that an irrevocable deferral election for such compensation may be made by timely delivering an Election Form to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least 12 months in advance of the earliest date at which the forfeiture condition could lapse, as determined in accordance with Treas. Reg. §1.409A-2(a)(5).
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Any deferral election(s) made in accordance with this part (e) of this Section shall become irrevocable no later than the 30th day after the Participant obtains the legally binding right to the compensation subject to such deferral election(s).

- 3.3 **Withholding and Crediting of Annual Deferral Amounts**. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus, Commissions and/or Director Fee's portion of the Annual Deferral Amount shall be withheld at the time the Bonus, Commissions or Director Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.
- 3.4 **Vesting**. A Participant shall at all times be 100% vested in the portion of his or her Account Balance attributable to Annual Deferral Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.5.
- 3.5 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:
- (a) **Measurement Funds**. A Participant may elect one or more of the measurement funds selected by the Committee, in its sole discretion, which are based on certain mutual funds (the "Measurement Funds"), for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least 30 days after the day on which the Committee gives Participants advance written notice of such change.
 - (b) **Election of Measurement Funds**. A Participant, in connection with his or her initial deferral election in accordance with Section 3.2 above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.5(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall automatically be allocated into the lowest-risk Measurement Fund, as determined by the Committee, in its sole discretion. A Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Committee, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this part (b) of this Section may be added or deleted by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund.
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- (c) **Proportionate Allocation** . In making any election described in part (b) of this Section above, the Participant shall specify on the Election Form, in increments of 1%, the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.
- (d) **Crediting or Debiting Method** . The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.
- (e) **No Actual Investment** . Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

3.6 **FICA and Other Taxes** .

- (a) **Annual Deferral Amounts** . For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus and/or Commissions that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section.
- (b) **Distributions** . The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

3.7 **Automatic Cancellation of Deferral Election upon Receipt of Hardship Withdrawal from a 401(k) Plan** .

- (a) A Participant's deferral elections under this Plan in effect at the time of a 401(k) hardship withdrawal shall be cancelled (rather than postponed or delayed) prospectively so that no further deferrals from his Base Salary, Bonus, Commissions and/or Director Fees shall be made during the 401(k) hardship withdrawal required cancellation period or with respect to the calendar year in which the 401(k) hardship withdrawal required cancellation period begins. Such cancellation shall be effected in accordance with the requirements of Code Section 409A and, to the extent not inconsistent therewith, the provisions of this Section.
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- (b) A Participant whose deferral elections under this Plan are cancelled pursuant to this Section may file a new deferral election in order to commence or recommence making deferrals under the Plan from his Base Salary, Bonus, Commissions and/or Director Fees at the later of (i) the first payroll period that commences after the end of the 401(k) hardship withdrawal required cancellation period or (ii) the Participant's next election period under the Plan. The new election shall be made in the same manner as other elections under the Plan, but no later than the last day required for filing the Participant's next or any subsequent election on or following which the Participant's deferrals from his compensation will commence or recommence, and shall apply only to Base Salary, Bonus, Commissions and/or Director Fees earned after the new election becomes effective as and to the extent required by Code Section 409A.
- (c) For purposes hereof, the following terms have the following meanings:
- (i) A "401(k) hardship withdrawal" is a hardship withdrawal from a 401(k) plan which requires a suspension of employee contributions and elective deferrals as a result of receipt of the hardship withdrawal in order to satisfy the regulations under Code Section 401(k).
 - (ii) The "401(k) hardship withdrawal required cancellation period" means the 6 month period (or other stated period in the 401(k) plan) during which employee contributions and elective deferrals must be suspended as a result of receipt of a 401(k) hardship withdrawal in order to satisfy the regulations under Code Section 401(k).
 - (iii) A "401(k) Plan" means a plan qualified under Code Section 401(a) that contains a cash or deferral arrangement described in Code Section 401(k) maintained by the Employer or any other business entity or other organization (whether or not incorporated) which during the relevant period is treated (but only for the portion of the period so treated and for the purpose and to the extent required to be so treated) as a single employer with the Employer or any affiliate under Code Section 414(b), (c), (m) or (o), as it may be amended from time to time, or any successor thereto.

3.8 **Automatic Suspension of Deferral Right upon Receipt of Voluntary Withdrawal pursuant to the 2002 Plan**. Under Section 4.4 of the 2002 Plan (see Appendix B), a Participant (or, after a Participant's death, his or her Beneficiary) may elect, at any time, to withdraw all of his or her vested Account Balance under the 2002 Plan, less a withdrawal penalty equal to 10% of such amount (the net amount shall be referred to as the "Withdrawal Amount"). Once the Withdrawal Amount is paid, the Participant's participation in the Plan shall be suspended from making deferral elections for the Plan Year immediately following the Plan Year the distribution is made and for the first portion of the next Plan Year after such full Plan Year of suspension equal to the remainder of the Plan Year following the date the distribution is made.

ARTICLE 4
Short-Term Payout

4.1 **Short-Term Payouts**. In connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive all or a portion of such Annual Deferral Amount, plus amounts credited or debited on that amount pursuant to Section 3.5, in the form of a lump sum payment, calculated as of the close of business on or around the Benefit Distribution Date designated by the Participant in accordance with this Section (a "Short-Term Payout"). The Benefit Distribution Date for the amount subject to a Short-Term Payout election shall be the first day of any Plan Year designated by the Participant, which may be no sooner than 2 Plan Years after the end of the Plan Year to which the Participant's deferral election relates, unless otherwise provided on an Election Form approved by the Committee.

Subject to the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid out during a 60 day period commencing immediately after the Benefit Distribution Date. By way of example, if a Short-Term Payout is elected for Annual Deferral Amounts that are earned in the Plan Year commencing January 1, 2008, the earliest Benefit Distribution Date that may be designated by a Participant would be January 1, 2011, and the Short-Term Payout would be paid out during the 60 day period commencing immediately after such Benefit Distribution Date.

4.2 **Postponing Short-Term Payouts**. With respect to each Short-Term Payout, a Participant may elect one time only to postpone a Short-Term Payout described in Section 4.1 above, and have such amount paid out during a 60 day period commencing immediately after an allowable alternative Benefit Distribution Date designated in accordance with this Section. In order to make such an election, the Participant must submit an Election Form to the Committee in accordance with the following criteria:

- (a) The election of the new Benefit Distribution Date shall have no effect until at least 13 months after the date on which the election is made;
- (b) The new Benefit Distribution Date selected by the Participant for such Short-Term Payout must be the first day of a Plan Year that is no sooner than 5 years after the previously designated Benefit Distribution Date; and
- (c) The election must be made at least 13 months prior to the Participant's previously designated Benefit Distribution Date for such Short-Term Payout.

For purposes of applying the provisions of this Section, a Participant's election to postpone a Short-Term Payout shall not be considered to be made until the date on which the election becomes irrevocable. Such an election shall become irrevocable no later than the date that is 13 months prior to the Participant's previously designated Benefit Distribution Date for such Short-Term Payout.

4.3 **Other Benefits Take Precedence Over Short-Term Payouts**. Should an event occur prior to any Benefit Distribution Date designated for a Short-Term Payout that would trigger a benefit under Articles 5 through 9, as applicable, all amounts subject to a Short-Term Payout election shall be paid in accordance with the other applicable provisions of the Plan and not in accordance with this Article 4.

ARTICLE 5
Unforeseeable Emergencies

5.1 **Unforeseeable Emergencies** .

- (a) If a Participant experiences an Unforeseeable Emergency prior to the occurrence of a distribution event described in Articles 6 through 9, as applicable, the Participant may petition the Committee to receive a partial or full payout from the Plan. The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the Benefit Distribution Date for such payout, as determined by the Committee in accordance with provisions set forth below, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. A Participant shall not be eligible to receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan.
- (b) If the Committee, in its sole discretion, approves a Participant's petition for payout from the Plan, the Participant's Benefit Distribution Date for such payout shall be the date on which such Committee approval occurs and such payout shall be distributed to the Participant in a lump sum no later than 60 days after such Benefit Distribution Date. In addition, in the event of such approval the Participant's outstanding deferral elections under the Plan shall be cancelled.

ARTICLE 6
Retirement Benefit

- 6.1 **Retirement Benefit** . If a Participant experiences a Separation from Service that qualifies as a Retirement, the Participant shall be eligible to receive his or her vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 6.2 (the "Retirement Benefit"). A Participant's Retirement Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be (a) a date selected by the Committee in the immediately following January in the case Participants who experience a Separation from Service during the first half (January through June) of a calendar year or (b) a date selected by the Committee in the immediately following July in the case Participants who experience a Separation from Service during the second half (July through December) of a calendar year; provided, however, if a Participant changes the form of distribution for the Retirement Benefit in accordance with Section 6.2(b), the Benefit Distribution Date for the Retirement Benefit shall be determined in accordance with Section 6.2(b).

6.2 **Payment of Retirement Benefit** .

- (a) The Retirement Benefit shall be paid to the Participant during the calendar month which contains the Participant's Benefit Distribution Date.
 - (b) A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual Installment Method between 2 and 20 years. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then such Participant shall be deemed to have elected to receive the Retirement Benefit as a lump sum.
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- (c) A Participant may change, twice but not more than twice, the form of payment for the Retirement Benefit by submitting an Election Form to the Committee in accordance with the following criteria:
 - (i) The election shall not take effect until at least 13 months after the date on which the election is made;
 - (ii) The new Benefit Distribution Date for the Participant's Retirement Benefit shall be 5 years after the Benefit Distribution Date that would otherwise have been applicable to such benefit; and
 - (iii) The election must be made at least 13 months prior to the Benefit Distribution Date that would otherwise have been applicable to the Participant's Retirement Benefit.

For purposes of applying the provisions of this part (b) of this Section, a Participant's election to change the form of payment for the Retirement Benefit shall not be considered to be made until the date on which the election becomes irrevocable. Such an election shall become irrevocable no later than the date that is 13 months prior to the Benefit Distribution Date that would otherwise have been applicable to the Participant's Retirement Benefit. Subject to the requirements of this part (b) of this Section, the Election Form most recently accepted by the Committee that has become effective shall govern the form of payout of the Participant's Retirement Benefit.

- (d) The lump sum payment shall be made, or installment payments shall commence during the calendar month which contains the Participant's Benefit Distribution Date. Remaining installments, if any, shall be paid during the calendar month which contains each anniversary of the Participant's Benefit Distribution Date.

ARTICLE 7

Termination Benefit

7.1 **Termination Benefit**. If a Participant experiences a Separation from Service that does not qualify as a Retirement, the Participant shall receive his or her vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 6.2 (the "Termination Benefit"). A Participant's Termination Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be (a) a date selected by the Committee in the immediately following January in the case Participants who experience a Separation from Service during the first half (January through June) of a calendar year or (b) a date selected by the Committee in the immediately following July in the case Participants who experience a Separation from Service during the second half (July through December) of a calendar year.

7.2 **Payment of Termination Benefit** .

- (a) The Termination Benefit shall be paid to the Participant during the calendar month which contains the Participant's Benefit Distribution Date.
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- (b) A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Termination Benefit in a lump sum or pursuant to an Annual Installment Method over 3 years. If a Participant does not make any election with respect to the payment of the Termination Benefit, then such Participant shall be deemed to have elected to receive the Termination Benefit as a lump sum. Unless otherwise permitted by the Committee, the same payment election must be made for the Participant's Termination Benefit, Disability Benefit and Death Benefit.
- (c) A Participant may not change the form of payment for the Termination Benefit.

ARTICLE 8
Disability Benefit

8.1 **Disability Benefit**. If a Participant becomes Disabled prior to the occurrence of a distribution event described in Articles 6 through 7, as applicable, the Participant shall receive his or her vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 6.2 (the "Disability Benefit"). A Participant's Disability Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be (a) a date selected by the Committee in the immediately following July in the case Participants who become Disabled during the first half (January through June) of a calendar year or (b) a date selected by the Committee in the immediately following January in the case Participants who become Disabled during the second half (July through December) of a calendar year.

8.2 **Payment of Disability Benefit**.

- (a) The Disability Benefit shall be paid to the Participant during the calendar month which contains the Participant's Benefit Distribution Date.
- (b) A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Disability Benefit in a lump sum or pursuant to an Annual Installment Method over 3 years. If a Participant does not make any election with respect to the payment of the Disability Benefit, then such Participant shall be deemed to have elected to receive the Disability Benefit as a lump sum. Unless otherwise permitted by the Committee, the same payment election must be made for the Participant's Termination Benefit, Disability Benefit and Death Benefit.
- (c) A Participant may not change the form of payment for the Disability Benefit.

ARTICLE 9
Death Benefit

9.1 **Death Benefit**. In the event of a Participant's death prior to the complete distribution of his or her vested Account Balance, the Participant's Beneficiary(ies) shall receive the Participant's unpaid vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 6.2 (the "Death Benefit"). The Death Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be (a) a date selected by the Committee in the immediately following July in the case Participants who die during the first half (January through June) of a calendar year or (b) a date selected by the Committee in the immediately following January in the case Participants who die during the second half (July through December) of a calendar year or (c) if later, the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death.

9.2 **Payment of Death Benefit .**

- (a) The Death Benefit shall be paid to the Participant's Beneficiary(ies) during the calendar month which contains the Participant's Benefit Distribution Date.
- (b) A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Death Benefit in a lump sum or pursuant to an Annual Installment Method over 3 years. If a Participant does not make any election with respect to the payment of the Death Benefit, then such Participant shall be deemed to have elected to receive the Death Benefit as a lump sum. Unless otherwise permitted by the Committee, the same payment election must be made for the Participant's Termination Benefit, Disability Benefit and Death Benefit.
- (c) A Participant may not change the form of payment for the Death Benefit.

ARTICLE 10
Beneficiary Designation

- 10.1 **Beneficiary** . Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.
 - 10.2 **Beneficiary Designation; Change; Spousal Consent** . A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.
 - 10.3 **Acknowledgment** . No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.
 - 10.4 **No Beneficiary Designation** . If a Participant fails to designate a Beneficiary as provided in Sections 10.1, 10.2 and 10.3 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.
 - 10.5 **Doubt as to Beneficiary** . If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.
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- 10.6 **Discharge of Obligations** . The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 11
Leave of Absence

- 11.1 **Paid Leave of Absence** . If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, (a) the Participant shall continue to be considered eligible for the benefits provided under the Plan, and (b) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.2.
- 11.2 **Unpaid Leave of Absence** . If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service, such Participant shall continue to be eligible for the benefits provided under the Plan. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.2 above.

ARTICLE 12
Termination of Plan, Amendment or Modification

- 12.1 **Termination of Plan** . Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to terminate the Plan with respect to all of its Participants. In the event of a Plan termination no new deferral elections shall be permitted for the affected Participants. However, after the Plan termination the Account Balances of such Participants shall continue to be credited with Annual Deferral Amounts attributable to a deferral election that was in effect prior to the Plan termination to the extent deemed necessary to comply with Code Section 409A and related Treasury Regulations, and additional amounts shall continue to be credited or debited to such Participants' Account Balances pursuant to Section 3.5. The Measurement Funds available to Participants following the termination of the Plan shall be comparable in number and type to those Measurement Funds available to Participants in the Plan Year preceding the Plan Year in which the Plan termination is effective. In addition, following a Plan termination, Participant Account Balances shall remain in the Plan and shall not be distributed until such amounts become eligible for distribution in accordance with the other applicable provisions of the Plan. Notwithstanding the preceding sentence, to the extent permitted by Treas. Reg. §1.409A-3(j)(4)(ix), the Employer may provide that upon termination of the Plan, all Account Balances of the Participants shall be distributed, subject to and in accordance with any rules established by such Employer deemed necessary to comply with the applicable requirements and limitations of Treas. Reg. §1.409A-3(j)(4)(ix).
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- 12.2 **Amendment** . Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer. Notwithstanding the foregoing, (i) no amendment or modification shall be effective to decrease the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, and (ii) no amendment or modification of this Section or Section 13.2 of the Plan shall be effective.
- 12.3 **Plan Agreement** . Despite the provisions of Sections 12.1, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate such provisions with the written consent of the Participant.
- 12.4 **Effect of Payment** . The full payment of the Participant's vested Account Balance in accordance with the applicable provisions of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

ARTICLE 13 **Administration**

- 13.1 **Committee Duties** . Except as otherwise provided in this Article 13, this Plan shall be administered by a Committee, which shall consist of the Board, or such committee as the Board shall appoint. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (a) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (b) decide or resolve any and all questions, including benefit entitlement determinations and interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company.
- 13.2 **Administration Upon Change In Control** . Within 120 days following a Change in Control, the individuals who comprised the Committee immediately prior to the Change in Control (whether or not such individuals are members of the Committee following the Change in Control) may, by written consent of the majority of such individuals, appoint an independent third party administrator (the "Administrator") to perform any or all of the Committee's duties described in Section 13.1 above, including without limitation, the power to determine any questions arising in connection with the administration or interpretation of the Plan, and the power to make benefit entitlement determinations. Upon and after the effective date of such appointment, (a) the Company must pay all reasonable administrative expenses and fees of the Administrator, and (b) the Administrator may only be terminated with the written consent of the majority of Participants with an Account Balance in the Plan as of the date of such proposed termination.
- 13.3 **Agents** . In the administration of this Plan, the Committee or the Administrator, as applicable, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.
- 13.4 **Binding Effect of Decisions** . The decision or action of the Committee or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.
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- 13.5 **Indemnity of Committee** . All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.
- 13.6 **Employer Information** . To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation from Service, Disability or death of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 14
Other Benefits and Agreements

- 14.1 **Coordination with Other Benefits** . The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 15
Claims Procedures

- 15.1 **Presentation of Claim** . Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.
- 15.2 **Notification of Decision** . The Committee shall consider a Claimant's claim within a reasonable time, but no later than 90 days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90 day period. In no event shall such extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:
- (a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or
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- (b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
 - (i) the specific reason(s) for the denial of the claim, or any part of it;
 - (ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;
 - (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
 - (iv) an explanation of the claim review procedure set forth in Section 15.3 below; and
 - (v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

15.3 **Review of a Denied Claim**. On or before 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

- (a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;
- (b) may submit written comments or other documents; and/or
- (c) may request a hearing, which the Committee, in its sole discretion, may grant.

15.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than 60 days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 60 day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- (a) specific reasons for the decision;
- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and
- (d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

15.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 15 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 16
Trust

- 16.1 **Establishment of the Trust** . In order to provide assets from which to fulfill its obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan (the "Trust").
- 16.2 **Interrelationship of the Plan and the Trust** . The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.
- 16.3 **Distributions From the Trust** . Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 17
Miscellaneous

- 17.1 **Status of Plan** . The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). Except with respect to Account Balances not subject to Code Section 409A, the Plan shall be administered and interpreted (a) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (b) in accordance with Code Section 409A and related Treasury guidance and Regulations.
- 17.2 **Unsecured General Creditor** . Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 17.3 **Employer's Liability** . An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.
- 17.4 **Nonassignability** . Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.
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- 17.5 **Not a Contract of Employment** . The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an “at will” employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.
- 17.6 **Furnishing Information** . A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.
- 17.7 **Terms** . Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.
- 17.8 **Captions** . The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- 17.9 **Governing Law** . Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Mississippi without regard to its conflicts of laws principles.
- 17.10 **Notice** . Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Trustmark Corporation
Attn: Controller Department
P. O. Box 291
Jackson, MS 39205

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

- 17.11 **Successors** . The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.
- 17.12 **Spouse's Interest** . The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.
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- 17.13 **Validity** . In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.
- 17.14 **Incompetent** . If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.
- 17.15 **Domestic Relations Orders** . If necessary to comply with a domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.
- 17.16 **Distribution in the Event of Income Inclusion Under Code Section 409A** . If any portion of a Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, the Committee may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (i) the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, or (ii) the unpaid vested Account Balance.
- 17.17 **Deduction Limitation on Benefit Payments** . If an Employer reasonably anticipates that the Employer's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent permitted by Treas. Reg. §1.409A-2(b)(7)(i), payment shall be delayed as deemed necessary to ensure that the entire amount of any distribution from this Plan is deductible. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.5. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m). In the event that such date is determined to be after a Participant's Separation from Service and the Participant to whom the payment relates is determined to be a Specified Employee, then to the extent deemed necessary to comply with Treas. Reg. §1.409A-3(i)(2), the delayed payment shall not made before the end of the six-month period following such Participant's Separation from Service.
- 17.18 **Insurance** . The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the trustee of the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.
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17.19 **Legal Fees To Enforce Rights After Change in Control.** The Company and each Employer is aware that upon the occurrence of a Change in Control, the Board or the board of directors of a Participant's Employer (which might then be composed of new members) or a shareholder of the Company or the Participant's Employer, or of any successor corporation might then cause or attempt to cause the Company, the Participant's Employer or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company or the Participant's Employer to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, it should appear to any Participant that the Company, the Participant's Employer or any successor corporation has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if the Company, such Employer or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant the benefits intended to be provided, then the Company and the Participant's Employer irrevocably authorize such Participant to retain counsel of his or her choice at the expense of the Company and the Participant's Employer (who shall be jointly and severally liable) to represent such Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company, the Participant's Employer or any director, officer, shareholder or other person affiliated with the Company, the Participant's Employer or any successor thereto in any jurisdiction.

IN WITNESS WHEREOF, the Company has signed this Plan document as of _____, 2007.

"Company"
Trustmark Corporation, a Mississippi corporation

By: _____
Title: _____

APPENDIX A

Limited Transition Relief for Distribution Elections Made Available in Accordance with Notice 2006-79

The capitalized terms below shall have the same meaning as provided in Article 1 of the Plan.

Opportunity to Make New (or Revise Existing) Distribution Elections . Notwithstanding the required deadline for the submission of an initial distribution election under Articles 4, 5, 6, 7, 8 or 9 of the Plan, the Committee may, to the extent permitted by Notice 2006-79, provide a limited period in which Participants may make new distribution elections, or revise existing distribution elections, with respect to amounts subject to the terms of the Plan, by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than December 31, 2007. Any distribution election(s) made by a Participant, and accepted by the Committee, in accordance with this Appendix A shall not be treated as a change in either the form or timing of a Participant's benefit payment for purposes of Code Section 409A or the Plan. If any distribution election submitted by a Participant in accordance with this Appendix A either (a) relates to an amount that would otherwise be paid to the Participant in 2007 or (b) would cause an amount to be paid to the Participant in 2007, such election shall not be effective.

APPENDIX B

Continuing Distribution Provisions from the 2002 Plan

The following provisions are excerpted from the 2002 Plan, shall be applied in administering the portion of the Plan that is not subject to Code Section 409A and shall apply to the exclusion of the other provisions of the Plan (that is, other than those in this Appendix) which do not expressly provide for their application to the 2002 Plan.

To the extent a Plan operational or administrative matter is not addressed in this Appendix, the provisions of the Plan (other than those in this Appendix) shall control where such application would not be considered to be a material modification of the 2002 Plan which would cause Account Balances which are not otherwise subject to Code Section 409A thereunder to become subject to Code Section 409A.

It is noted that Section 4.3 of this Appendix is modified to eliminate the right of a Participant to petition the Committee to suspend, and thereby effect a suspension of, any deferrals required to be made by a Participant under a distribution due to an Unforeseeable Financial Emergency, and Section 4.4 of this Appendix is modified to revise the period a Participant's participation in the Plan will be suspended in order to comply with Code Section 409A for deferrals that are subject to Section 409A. The definitions in the following Article 1 below have been renumbered chronologically and other changes have also been made to other excerpted provisions.

ARTICLE 1 **Definitions**

For the purposes of the 2002 Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

- 1.1 "Annual Deferral Amount" shall mean that portion of a Participant's Base Annual Salary, Annual Bonus and Directors Fees that a Participant defers in accordance with Article 3 for any one Plan Year. In the event of a Participant's Retirement, Short-Term Disability (if deferrals cease in accordance with Section 8.1), Long-Term Disability, death or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.
 - 1.2 "Annual Installment Method" shall be an annual installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows: the vested Account Balance of the Participant shall be calculated as of the close of business on or around the last business day of the year. The annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a 10 year Annual Installment Method, the first payment shall be 1/10th of the vested Account Balance, calculated as described in this definition. The following year, the payment shall be 1/9 of the vested Account Balance, calculated as described in this definition. Each annual installment shall be paid no later than 60 days after the last business day of the applicable year. Shares of Stock that shall be distributable from the Stock Option Gain Account shall be distributable in shares of actual Stock in the same manner previously described. However, the Committee may, in its sole discretion, (i) adjust the annual installments in order to distribute whole shares of actual Stock and/or (ii) accelerate the distribution of such actual shares of Stock by payment of a lump sum.
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- 1.3 “Deduction Limitation” shall mean the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided, this limitation shall be applied to all distributions that are “subject to the Deduction Limitation” under this Plan. If an Employer determines in good faith prior to a Change in Control that there is a reasonable likelihood that any compensation paid to a Participant for a taxable year of the Employer would not be deductible by the Employer solely by reason of the limitation under Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution to the Participant pursuant to this Plan prior to the Change in Control is deductible, the Employer may defer all or any portion of a distribution under this Plan. Any amounts deferred pursuant to this limitation shall continue to be credited/debited with additional amounts in accordance with Section 3.5 below, even if such amount is being paid out in installments. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant’s death) at the earliest possible date, as determined by the Employer in good faith, on which the deductibility of compensation paid or payable to the Participant for the taxable year of the Employer during which the distribution is made will not be limited by Section 162(m), or if earlier, the effective date of a Change in Control. Notwithstanding anything to the contrary in this Plan, the Deduction Limitation shall not apply to any distributions made after a Change in Control.
- 1.4 “Disability Benefit” shall mean the benefit set forth in Article 8.
- 1.5 “Long-Term Disability” shall mean a period of disability during which a Participant qualifies for permanent disability benefits under the Participant’s Employer’s long-term disability plan, or, if a Participant does not participate in such a plan, a period of disability during which the Participant would have qualified for permanent disability benefits under such a plan had the Participant been a participant in such a plan, as determined in the sole discretion of the Committee. If the Participant’s Employer does not sponsor such a plan, or discontinues to sponsor such a plan, Long-Term Disability shall be determined by the Committee in its sole discretion.
- 1.6 “Pre-Retirement Survivor Benefit” shall mean the benefit set forth in Article 6.
- 1.7 “Retirement”, “Retire(s)” or “Retired” shall mean, with respect to an Employee, severance from employment from all Employers for any reason other than a leave of absence, death or Long-Term Disability on or after the earlier of the attainment of (a) age 65 or (b) age 50 with 5 Years of Service; and shall mean with respect to a Director who is not an Employee, severance of his or her directorships with all Employers on or after the attainment of age 65.
- 1.8 “Retirement Benefit” shall mean the benefit set forth in Article 5.
- 1.9 “Short-Term Disability” shall mean a period of disability during which a Participant qualifies for short-term disability benefits under the Participant’s Employer’s short-term disability plan, or, if a Participant does not participate in such a plan, a period of disability during which the Participant would have qualified for short-term disability benefits under such a plan had the Participant been a participant in such a plan, as determined in the sole discretion of the Committee. If the Participant’s Employer does not sponsor such a plan, or discontinues to sponsor such a plan, Short-Term Disability shall be determined by the Committee in its sole discretion.
- 1.10 “Short-Term Payout” shall mean the payout set forth in Section 4.1.
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- 1.11 "Termination Benefit" shall mean the benefit set forth in Article 7.
- 1.12 "Termination of Employment" shall mean the severing of employment with all Employers, or service as a Director of all Employers, voluntarily or involuntarily, for any reason other than Retirement, Long-Term Disability, death or an authorized leave of absence. If a Participant is both an Employee and a Director, a Termination of Employment shall occur only upon the termination of the last position held; provided, however, that such a Participant may elect, at least three years before Termination of Employment and in accordance with the policies and procedures established by the Committee, to be treated for purposes of this Plan as having experienced a Termination of Employment at the time he or she ceases employment with an Employer as an Employee.
- 1.13 "Unforeseeable Financial Emergency" shall mean 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.
- 1.14 "Years of Service" shall mean the total number of full years in which a Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Employee's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. The Committee shall make a determination as to whether any partial year of employment shall be counted as a Year of Service.

ARTICLE 2
Selection, Enrollment, Eligibility

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- 2.4 **Termination of Participation and/or Deferrals** . If the Committee determines in good faith that a Participant no longer qualifies as a member of a select group of management or highly compensated employees, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Committee shall have the right, in its sole discretion, to (i) terminate any deferral election the Participant has made for the remainder of the Plan Year in which the Participant's membership status changes (for elections relating to period prior to January 1, 2005), (ii) prevent the Participant from making future deferral elections and/or (iii) immediately distribute the Participant's then vested Account Balance as a Termination Benefit and terminate the Participant's participation in the Plan.

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ARTICLE 4
Short-Term Payout; Unforeseeable Financial Emergencies;
Withdrawal Election

- 4.1 **Short-Term Payout** . In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a future "Short-Term Payout" from the Plan with respect to all or a portion of such Annual Deferral Amount. Subject to the Deduction Limitation, the Short-Term Payout shall be a lump sum payment in an amount that is equal to the portion of the Annual Deferral Amount the Participant elected to have distributed as a Short-Term Payout plus amounts credited or debited in the manner provided in the Plan on that amount, determined at the time that the Short-Term Payout becomes payable. Subject to the Deduction Limitation and the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid out during a 60 day period commencing immediately after the first day of any Plan Year designated by the Participant. The Plan Year designated by the Participant must be at least two Plan Years after the Plan Year in which the Annual Deferral Amount is actually deferred. By way of example, if a two year Short-Term Payout is elected for Annual Deferral Amounts that are deferred in the Plan Year commencing January 1, 2002, the two year Short-Term Payout would become payable during a 60 day period commencing January 1, 2005. With respect to each Short-Term Payout, the Participant may change his or her election one time only to an allowable alternative payout date by submitting a new Election Form to the Committee, provided that (i) any such Election Form is submitted at least 13 months prior to the Participant's original distribution date, (ii) the new distribution date being selected is later than the original distribution date, and (iii) the Election Form is accepted by the Committee in its sole discretion.
- 4.2 **Other Benefits Take Precedence Over Short-Term Payout** . Should an event occur that triggers a benefit under Article 5, 6, 7 or 8, any Annual Deferral Amount, plus amounts credited or debited thereon, that is subject to a Short-Term Payout election under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with the other applicable Article.
- 4.3 **Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies** . If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee to (i) suspend any deferrals required to be made by a Participant (provided, however, that this clause (i) shall not be applicable after December 31, 2004) and/or (ii) receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant's vested Account Balance, excluding the portion of the Account Balance attributable to the Stock Option Gain Account, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. If, subject to the sole discretion of the Committee, the petition for a suspension and/or payout is approved, suspension shall take effect upon the date of approval and any payout shall be made within 60 days of the date of approval. The payment of any amount under this Section shall not be subject to the Deduction Limitation.
- 4.4 **Withdrawal Election** . A Participant (or, after a Participant's death, his or her Beneficiary) may elect, at any time, to withdraw all of his or her vested Account Balance, excluding the portion of the Account Balance attributable to the Stock Option Gain Account, calculated as if there had occurred a Termination of Employment as of the day of the election, less a withdrawal penalty equal to 10% of such amount (the net amount shall be referred to as the "Withdrawal Amount"). This election can be made at any time, before or after Retirement, Long-Term Disability, Short-Term Disability, death or Termination of Employment, and whether or not the Participant (or Beneficiary) is in the process of being paid pursuant to an installment payment schedule. No partial withdrawals of the Account Balance shall be allowed. The Participant (or his or her Beneficiary) shall make this election by giving the Committee advance written notice of the election in a form determined from time to time by the Committee. The Participant (or his or her Beneficiary) shall be paid the Withdrawal Amount within 60 days of his or her election. Once the Withdrawal Amount is paid, the Participant's participation in the Plan shall be suspended from making deferral elections for the Plan Year immediately following the Plan Year the distribution is made and for the first portion of the next Plan Year after such full Plan Year of suspension equal to the remainder of the Plan Year following the date the distribution is made. The payment of this Withdrawal Amount shall not be subject to the Deduction Limitation.
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ARTICLE 5
Retirement Benefit

- 5.1 **Retirement Benefit**. Subject to the Deduction Limitation, a Participant who Retires shall receive, as a Retirement Benefit, his or her vested Account Balance.
- 5.2 **Payment of Retirement Benefit**. A Participant, in connection with his or her commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual Installment Method for between 2 and 20 years. At any time, either before a Participant has begun receiving Retirement Benefit payments or during the annual installment payment period, a Participant may elect to shorten or lengthen the Retirement Benefit payment period to any allowable alternative payout period by submitting a new Election Form to the Committee. The Election Form must be accepted by the Committee in its sole discretion and shall be effective solely with respect to those payments that are due and payable at least 13 months from the date the Election Form is tendered to the Committee. An allowable alternative payout period shall include a lump sum payment or annual installment payments; provided, however, in no event shall a Participant be allowed to select an annual installment payment period that exceeds 20 years, reduced by the number of annual installment payments already received by the Participant. Upon the Committee's acceptance of the new Election Form, the Participant's remaining unpaid vested Account Balance shall be annuitized over the newly selected payout period. The Election Form most recently accepted by the Committee shall govern the payout of the Retirement Benefit. If a Participant does not make any election with respect to the payment of the Retirement Benefit, then such benefit shall be payable in a lump sum. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the last day of the Plan Year in which the Participant Retires. Any payment made shall be subject to the Deduction Limitation.
- 5.3 **Death Prior to Completion of Retirement Benefit**. If a Participant dies after Retirement but before the Retirement Benefit is paid in full, the Participant's unpaid Retirement Benefit payments shall continue and shall be paid to the Participant's Beneficiary (a) over the remaining number of years and in the same amounts as that benefit would have been paid to the Participant had the Participant survived, or (b) in a lump sum, if requested by the Beneficiary and allowed in the sole discretion of the Committee, that is equal to the Participant's unpaid remaining vested Account Balance. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the last day of the Plan Year in which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death. Any payment made shall be subject to the Deduction Limitation.
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ARTICLE 6
Pre-Retirement Survivor Benefit

- 6.1 **Pre-Retirement Survivor Benefit**. Subject to the Deduction Limitation, the Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's vested Account Balance if the Participant dies before he or she Retires, experiences a Termination of Employment or suffers a Long-Term Disability.
- 6.2 **Payment of Pre-Retirement Survivor Benefit**. If the Participant was eligible for Retirement at the time of his or her death, the Pre-Retirement Survivor Benefit shall be paid to the Participant's Beneficiary (a) over the number of years and in the same amounts as the Retirement Benefit would have been paid to the Participant had the Participant survived and Retired, or (b) in a lump sum, if requested by the Beneficiary and allowed in the sole discretion of the Committee. If the Participant was not eligible for Retirement at the time of his or her death and the Participant's vested Account Balance at the time of his or her death is \$100,000 or less, the Pre-Retirement Survivor Benefit shall be paid in a lump sum. If the Participant was not eligible for Retirement at the time of his or her death and the Participant's vested Account Balance at such time is greater than \$100,000, the Pre-Retirement Survivor Benefit shall be paid to the Participant's Beneficiary in the form selected by the Committee, in its sole discretion, which may be either (a) a lump sum or (b) an Annual Installment Method of 3 years. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the last day of the Plan Year in which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death. Any payment made shall be subject to the Deduction Limitation.

ARTICLE 7
Termination Benefit

- 7.1 **Termination Benefit**. Subject to the Deduction Limitation, the Participant shall receive a Termination Benefit, which shall be equal to the Participant's vested Account Balance if a Participant experiences a Termination of Employment prior to his or her Retirement, death or Long-Term Disability.
- 7.2 **Payment of Termination Benefit**. If the Participant's vested Account Balance at the time of his or her Termination of Employment is \$100,000 or less, payment of his or her Termination Benefit shall be paid in a lump sum. If his or her vested Account Balance at such time is greater than \$100,000, the Committee, in its sole discretion, may cause the Termination Benefit to be paid (a) in a lump sum, or (b) pursuant to an Annual Installment Method of 3 years. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the last day of the Plan Year in which the Participant experiences the Termination of Employment. Any payment made shall be subject to the Deduction Limitation.
- 7.3 **Death Prior to Completion of Termination Benefit**. If a Participant dies after Termination of Employment but before the Termination Benefit is paid in full, the Participant's unpaid Termination Benefit payments shall continue and shall be paid to the Participant's Beneficiary (a) over the remaining number of years and in the same amounts as that benefit would have been paid to the Participant had the Participant survived, or (b) in a lump sum, if requested by the Beneficiary and allowed in the sole discretion of the Committee, that is equal to the Participant's unpaid remaining vested Account Balance. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the last day of the Plan Year in which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death. Any payment made shall be subject to the Deduction Limitation.
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ARTICLE 8
Disability Waiver and Benefit

8.1 **Disability**.

- (a) **Continued Deferral**. If a Participant is determined by the Committee to be both (i) suffering from a Short-Term Disability and (ii) receiving 100% of his or her Base Annual Salary during the period of such Short-Term Disability, then the Participant's Annual Deferral Amount shall continue to be withheld during such period of Short-Term Disability in accordance with Section 3.2.
- (b) **Waiver of Deferral**. If a Participant is determined by the Committee to be both (i) suffering from a Short-Term Disability and, (ii) receiving less than 100% of his or her Base Annual Salary during the period of such Short-Term Disability, then such Participant shall be excused from (a) fulfilling that portion of the Annual Deferral Amount commitment that would otherwise have been withheld from a Participant's Base Annual Salary, Annual Bonus and Directors Fees for the Plan Year during which the Participant first suffers a Short-Term Disability and (b) fulfilling any existing unexercised Eligible Stock Option commitments. During the period of Short-Term Disability, the Participant shall not be allowed to make any additional deferral elections, but will continue to be considered a Participant for all other purposes of this Plan.
- (c) **Deferral Following Disability**. If a Participant (i) returns to employment with an Employer after a Short-Term Disability ceases, and (ii) payment of 100% of his or her Base Annual Salary recommences, the Participant may elect to defer an Annual Deferral Amount for the Plan Year in which both (i) and (ii) occur and for every Plan Year thereafter while a Participant in the Plan; provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.2 above.

- 8.2 **Disability Benefit**. A Participant suffering a Long-Term Disability shall be deemed to have experienced a Termination of Employment, or in the case of a Participant who is eligible to Retire, to have Retired, on the date on which such Participant is determined by the Committee to be suffering a Long-Term Disability. The Participant shall receive a Disability Benefit equal to his or her vested Account Balance at the time of the Committee's determination; provided, however, that should the Participant otherwise have been eligible to Retire, he or she shall be paid in accordance with Article 5. If the Participant's vested Account Balance at the time of the Committee's determination is \$100,000 or less, payment of the Disability Benefit will be made in a lump sum. If the Participant's vested Account Balance at the time of the Committee's determination is greater than \$100,000, the Committee, in its sole discretion, may cause the Disability Benefit to be paid in a lump sum or pursuant to an Annual Installment Method of 3 years. The lump sum payment shall be made, or installment payments shall commence, within 60 days after the last day of the Plan Year in which the Committee determines that the Participant has suffered a Long-Term Disability. Any payment made shall be subject to the Deduction Limitation.
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- 8.3 **Death Prior to Completion of Disability Benefit** . If a Participant dies after his or her Long-Term Disability but before the Disability Benefit is paid in full, the Participant's unpaid Disability Benefit payments shall continue and shall be paid to the Participant's Beneficiary (a) over the remaining number of years and in the same amounts as that benefit would have been paid to the Participant had the Participant survived, or (b) in a lump sum, if requested by the Beneficiary and allowed in the sole discretion of the Committee, that is equal to the Participant's unpaid remaining vested Account Balance. The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the last day of the Plan Year in which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death. Any payment made shall be subject to the Deduction Limitation.

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ARTICLE 11

Termination, Amendment or Modification

- 11.1 **Termination** . Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to discontinue its sponsorship of the Plan and/or to terminate the Plan at any time with respect to any or all of its participating Employees and Directors, by action of its board of directors. Upon the termination of the Plan with respect to any Employer, the Plan Agreements of the affected Participants who are employed by that Employer, or in the service of that Employer as Directors, shall terminate and their vested Account Balances, determined (i) as if they had experienced a Termination of Employment on the date of Plan termination; or (ii) if Plan termination occurs after the date upon which a Participant was eligible to Retire, then with respect to that Participant as if he or she had Retired on the date of Plan termination. Such benefits shall be paid to the Participants as follows: (i) prior to a Change in Control, if the Plan is terminated with respect to all of its Participants, an Employer shall have the right, in its sole discretion, and notwithstanding any elections made by the Participant, to pay such benefits in a lump sum or pursuant to an Annual Installment Method of up to 5 years, with amounts credited and debited during the installment period as provided herein; or (ii) prior to a Change in Control, if the Plan is terminated with respect to less than all of its Participants, an Employer shall be required to pay such benefits in a lump sum; or (iii) after a Change in Control, if the Plan is terminated with respect to some or all of its Participants, the Employer shall be required to pay such benefits in a lump sum within 60 days of termination of the Plan. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination; provided however, that the Employer shall have the right to accelerate installment payments without a premium or prepayment penalty by paying the vested Account Balance in a lump sum or pursuant to an Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule).
- 11.2 **Amendment** . Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer by the action of its board of directors; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification, and (ii) no amendment or modification of this Section 12.2 or Section 13.2 of the Plan shall be effective. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification; provided, however, that the Employer shall have the right to accelerate installment payments by paying the vested Account Balance in a lump sum or pursuant to an Annual Installment Method using fewer years (provided that the present value of all payments that will have been received by a Participant at any given point of time under the different payment schedule shall equal or exceed the present value of all payments that would have been received at that point in time under the original payment schedule).
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- 11.3 **Plan Agreement** . Despite the provisions of Sections 12.1 and 12.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may only amend or terminate such provisions with the consent of the Participant.
- 11.4 **Effect of Payment** . The full payment of the Participant's vested Account Balance in accordance with the applicable provisions of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

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ARTICLE 16
Miscellaneous

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- 16.15 **Court Order** . The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Committee, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.
- 16.16 **Distribution in the Event of Taxation** .
- (a) **In General** . If, for any reason, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Committee before a Change in Control, or the trustee of the Trust after a Change in Control, for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld (and, after a Change in Control, shall be granted), a Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid vested Account Balance under the Plan). If the petition is granted, the tax liability distribution shall be made within 90 days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the benefits to be paid under this Plan.
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- (b) **Trust**. If the Trust terminates in accordance with its terms and benefits are distributed from the Trust to a Participant in accordance therewith, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.
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**AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

This Amended and Restated Employment Agreement (" **Agreement** ") is entered into as of October 23, 2007 by Trustmark Corporation, a Mississippi corporation (the " **Company** "), and Richard G. Hickson (the " **Executive** "). The Company and Executive have entered into this Agreement with reference to the following facts:

A. The Company and Executive entered into that certain Agreement dated as of May 13, 1997, which the Company and Executive amended and restated effective as of March 12, 2002 (" **Original Agreement** "); and

B. The Company and Executive now desire to amend and restate in its entirety the Original Agreement as set forth in this Agreement to reflect the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (" **Code** "), and the final regulations issued thereunder.

NOW, THEREFORE, in consideration of the mutual premises and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **Term of Employment**. Subject to Section 5 hereof, the term of the Executive's employment under this Agreement commenced on the 13th day of May, 1997 (the "Commencement Date"), and shall continue until terminated as provided in Section 5 (the "Term").

2. **Duties of Employment**. The Executive agrees for the Term to render his services to the Company as its President and Chief Executive Officer and such other office or position with the Company as may be reasonably requested by the Board of Directors of the Company (the "Board"), and in connection therewith, to perform such duties commensurate with his office as he shall reasonably be directed by the Board to perform. The Executive shall perform such duties faithfully and diligently at all times. The Executive shall have no other employment while he is employed by the Company; provided, however, that the Executive may serve on the boards of directors of companies which do not compete with the Company and in such capacity attend regularly scheduled board meetings to the extent approved in writing in advance by the Board. When and if requested to do so by the Board, the Executive shall serve as a director and officer of any subsidiary or affiliate of the Company. The Company shall notify the Executive if it believes that the Executive has breached any of his obligations under this Section 2; in such event, the Executive shall have thirty (30) days within which to cure such breach, other than a breach of his obligation to refrain from employment with any person or entity other than the Company or any of its subsidiaries or affiliates.

3. **Compensation and Other Benefits** .

3.1. **Salary** . As his full base compensation for all services to be rendered by the Executive during the Term, the Company shall pay to the Executive a base salary for each calendar year of the Term in an amount established each year by the Compensation Committee of the Board and the Board, but in no event less than \$400,000 annually. Payment shall be made in accordance with the Company's usual payroll practices for senior executives (not less frequently than monthly). The annual base salary set forth in this Section 3, as in effect at any particular time, shall hereinafter be referred to as the "Base Salary." The Company shall withhold or cause to be withheld from the Base Salary (and other wages hereunder) all taxes and other amounts as are required by law to be withheld.

3.2. **Annual Bonus** . In addition to the Base Salary, the Executive shall have the opportunity annually to earn as a bonus seventy percent (70%) of his Base Salary (the "Target Award Opportunity"). In establishing the actual bonus earned each year by the Executive (the "Annual Bonus"), the Compensation Committee of the Board, in consultation with the Executive, shall have the discretion to increase the Annual Bonus above or decrease the Annual Bonus below the Target Award Opportunity for that year. In so doing the Compensation Committee's determination shall be based upon an assessment of the performance of both the Executive and the Company taking into consideration such performance goals as may be established by the Compensation Committee periodically in consultation with the Executive. The Executive's Annual Bonus shall not exceed one hundred percent (100%) of the Base Salary for any one year. Any Annual Bonus due hereunder shall be payable to the Executive no later than the 15th of the third month following the end of the year to which the Annual Bonus relates.

3.3. **Stock Options** . The Company will grant to the Executive stock option grants from time to time in such amounts as are determined in the sole discretion of the Compensation Committee of the Board.

3.4. **Vacation** . The Executive shall be entitled to four (4) weeks of paid vacation for each calendar year of the Term hereof. Upon termination of employment, Executive shall be paid for all unused vacation granted during the year of termination at the Base Salary rate then existing as soon as practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly). The Executive shall not be paid for any unused vacation if terminated for Cause (as hereinafter defined). No payment shall be made for unused vacation from any prior years.

3.5. **Participation in Employee Benefit Plans** . The Executive shall be permitted to participate in all group life, hospitalization and disability insurance plans, health programs, pension plans, similar benefit plans or other so-called "fringe benefit programs" of the Company (the "Employee Benefits") as are now existing or as may hereafter be revised or adopted and offered to senior executives generally to the extent the Executive is eligible under the eligibility provisions of the relevant plan.

4. **Confidentiality, Nonsolicitation and Noncompete.**

4.1. **Confidentiality**. The Executive covenants and agrees that all trade secrets, confidential information (including but not limited to confidential information with respect to marketing, product offerings or expansion plans), and financial matters of the Company and its subsidiaries (collectively "Confidential Information") which are learned by him in the course of his employment by the Company shall be held in a fiduciary capacity and treated as confidential by him and shall not be disclosed, communicated or divulged by him or used by him for the benefit of any person or entity (other than the Company, its subsidiaries or affiliates) unless expressly authorized in writing by the Board, or unless the Confidential Information becomes generally available to the public otherwise than through disclosure by the Executive.

4.2. **Nonsolicitation**. The Executive agrees that (1) during the period he is employed hereunder and for a period of twenty-four (24) months thereafter, he will not, without the prior written consent of the Board, directly or indirectly solicit, entice, persuade, or induce any employee, director, officer, associate, consultant, agent or independent contractor of the Company or its subsidiaries (i) to terminate such person's employment or engagement by the Company or its subsidiaries or (ii) to become employed by any person, firm partnership, corporation, or other such enterprise other than the Company, its subsidiaries or affiliates, and (2) he shall not following the termination of his employment hereunder represent that he is in any way connected with the business of the Company or its subsidiaries (except to the extent agreed to in writing by the Company).

4.3. **Noncompete**. The Executive agrees that during the period he is employed hereunder and for a period of twenty four (24) months following the date of termination of his employment for any reason except Retirement (as defined in Section 5.9), he will not (except as a representative of the Company or with the prior written consent of the Board), directly or indirectly, engage, participate or make any financial investment, as an employee, director, officer, associate, consultant, agent, independent contractor, lender or investor, in the business of any person, firm, partnership, corporation or other enterprise that is engaged in direct competition with the business of the Company in any geographic area in which the Company is then conducting such business. Nothing in this Section 4.3 shall be construed to preclude the Executive from making any investments in the securities of any business enterprise whether or not engaged in competition with the Company, to the extent that such securities are actively traded on a national securities exchange or in the over-the-counter market in the United States or on any foreign securities exchange and represent less than one-percent (1%) of any class of securities of such business enterprise. Executive acknowledges that if his employment with the Company terminates for any reason, he can earn a livelihood without violating the foregoing restrictions and that the time period and scope of the foregoing restrictions are reasonably required for the protection of the Company's valid business interests.

4.4 **Covenant Payments**. In consideration for the covenants contained in this Section 4, which are considered material to the Company, the Company agrees to pay Executive all amounts owed pursuant to this Agreement, and upon Executive's termination without Cause or Executive's resignation for Good Reason, to pay Executive an amount (the "**Covenant Payments**") equal to the product of two times the sum of (i) the Executive's Base Salary and (ii) the highest Annual Bonus earned in any one of the three years preceding the termination. Subject to Section 13 hereof, the Covenant Payments shall be paid in twenty-four (24) equal monthly installments with the first installment commencing on the 60th day after the effective date of termination and continuing thereafter on the same day of each following month until all twenty-four (24) monthly installments are paid. In the event of the Executive's death following such date of termination, any unpaid installments shall be paid to the Executive's estate in a single undiscounted cash lump sum. Such lump sum shall be paid on the 60th day after the Executive's death. Notwithstanding anything herein to the contrary, if the Executive is terminated for Cause or the Executive voluntarily resigns other than for Good Reason or becomes disabled during the Term, the Executive will remain subject to the covenants contained in Section 4 but will not be entitled to the Covenant Payments.

4.5 **Remedies**. The Company would be damaged irreparably if any provision of Section 4 was not performed by the Executive in accordance with its terms or was otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Company or its successors or assigns shall be entitled, in addition to any other rights and remedies existing in their favor, including the right to retain the Covenant Payments, to an injunction or injunctions to prevent any breach or threatened breach of any such provisions and to enforce such provisions specifically (without posting a bond or other security). Executive agrees that Company or its successors or assigns may retain the Covenant Payments as partially liquidated damages for such breach and not as a penalty. The Executive would be damaged irreparably if any provision of Section 4 was not performed by the Company in accordance with its terms or was otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Executive shall be entitled, in addition to any other rights and remedies existing in his favor, to an injunction or injunctions to prevent any breach or threatened breach of any such provisions and to enforce such provisions specifically (without posting a bond or other security).

5. **Termination and Severance**.

5.1. **Notice of Termination**. Subject to the provisions of this Agreement, the Company and the Executive may terminate the Term on thirty (30) days written notice to the other party, which notice shall specify in detail the cause for termination, except that no prior written notice need be given by the Company in the event it terminates the Executive's employment hereunder for Cause (as hereinafter defined and subject to applicable cure provisions).

5.2. **Resignation**. Except as otherwise provided in Section 5.7 or 5.8 herein, the Executive may voluntarily terminate the Term and resign from employment with the Company by written notice to Company specifying the effective date of such resignation. Upon receipt of such notice, the Company shall have the right to terminate the Term immediately or at such earlier date as the Company may elect by written notice to the Executive and, in such event the termination shall be treated as a voluntary termination without Good Reason by the Executive. Thereafter, Company shall have no further obligations or liabilities to Executive, except for obligations to pay the Executive (1) any unpaid Base Salary and accrued vacation benefits earned through the date of termination; and, (2) the Annual Bonus earned for the calendar year immediately preceding the calendar year of termination to the extent not already paid. Such unpaid Base Salary and accrued vacation benefits and the Annual Bonus shall be paid to the Executive in a lump sum as soon as practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly); provided, however, that if payment of any such amounts at such time would result in a prohibited acceleration under Section 409A of the Code, then such amount shall be paid at the time the amount would otherwise have been paid under the applicable plan, policy, program or arrangement relating to such amount absent such prohibited acceleration.

5.3. **Death**. In the event of the Executive's death during the Term, the Term and the Executive's employment shall terminate automatically, and Company shall pay to his spouse or designated beneficiary, or if none, to his estate (1) any unpaid Base Salary and accrued vacation benefits earned through the date of death, (2) the Annual Bonus earned for the calendar year immediately preceding the calendar year of death to the extent not already paid, and (3) a pro rata share of the Target Award Opportunity for the calendar year of Executive's death (calculated on the basis of the number of days elapsed in such year through the date of death). The Company shall pay to the Executive, his spouse, designated beneficiary or estate, as the case may be, such unpaid base salary and accrued vacation benefits and such Annual Bonus in a lump sum as soon as practicable after the effective date of termination of the Executive's employment on account of his death in accordance with the Company's usual payroll practices (not less frequently than monthly) and the pro-rata share of the Target Award Opportunity in a single lump sum on the 60th day following termination of the Executive's employment on account of his death; provided, however, that if payment of any such amounts at such time would result in a prohibited acceleration under Section 409A of the Code, then such amount shall be paid at the time the amount would otherwise have been paid under the applicable plan, policy, program or arrangement relating to such amount absent such prohibited acceleration.

5.4. **Disability**. If the Executive becomes physically or mentally disabled during the Term so that he is unable to perform the services required of him pursuant to this Agreement for a period of 90 days, the Company may terminate the Term and the Executive's services hereunder effective the 91st day after the date of such disability, at which time the Company shall promptly pay to the Executive (1) any unpaid base salary and accrued vacation benefits and the Annual Bonus earned for the calendar year immediately preceding the calendar year of death to the extent not already paid in a lump sum as soon as practicable after the effective date of termination of the Executive's employment on account of a disability in accordance with the Company's usual payroll practices (not less frequently than monthly) and (2) the pro-rata share of the Target Award Opportunity for the calendar year of Executive's disability (calculated on the basis of the number of days elapsed in such year through the date of disability) in a single lump sum on the 60th day following termination of the Executive's employment on account of disability; provided, however, that if payment of any such amounts at such time would result in a prohibited acceleration under Section 409A of the Code, then such amount shall be paid at the time the amount would otherwise have been paid under the applicable plan, policy, program or arrangement relating to such amount absent such prohibited acceleration.

5.5. **For Cause**. The Company may terminate the Executive's employment during the Term for Cause. For purposes of this Agreement, "Cause" shall mean that the Executive has (i) committed an act of personal dishonesty, embezzlement or fraud; (ii) has misused alcohol or drugs; (iii) failed to pay any obligation owed to the Company or any affiliate; (iv) breached a fiduciary duty or deliberately disregarded any rule of the Company or any affiliate; (v) has committed an act of willful misconduct, or the intentional failure to perform stated duties; (vi) has willfully violated any law, rule or regulation (other than misdemeanors, traffic violations or similar offenses) or any final cease-and-desist order; (vii) has disclosed without authorization any Confidential Information of the Company or any affiliate, or has engaged in any conduct constituting unfair competition, or has induced any customer of the Company or any Affiliate to breach a contract with the Company or any affiliate.

If at any time during the Term the Company shall terminate the Executive for "Cause" the Company shall pay the Executive (i) any unpaid Base Salary through the date of termination, and (ii) the Annual Bonus earned for the year immediately preceding the calendar year of termination to the extent not already paid, without any further obligations to the Executive. Such unpaid Base Salary and Annual Bonus will be paid to the Executive in a lump sum as soon as practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly); provided, however, that if payment of any such amount at such time would result in a prohibited acceleration under Section 409A of the Code, then such amount shall be paid at the time the amount would otherwise have been paid under the applicable plan, policy, program or arrangement relating to such amount absent such prohibited acceleration.

5.6 **Good Reason**. "Good Reason" shall mean (1) a demotion in the Executive's status, title or position, or the assignment to the Executive of duties or responsibilities which are materially inconsistent with such status, title or position; (2) a material breach of this Agreement by the Company, provided the Company has not remedied such breach within thirty (30) days of receipt of written notice of such breach; (3) a relocation of the executive offices of the Company to a location more than 50 miles outside of Jackson, Mississippi without the Executive's written consent given to the Company within thirty (30) days of the Executive's receipt of notification of such relocation by the Company or (4) the failure of the Executive to be named as the Chief Executive Officer of any successor by merger to the Company. Any good faith determination of "Good Reason" made by the Executive shall be conclusive.

5.7. **Change in Control**. If at any time during the Term the Company experiences a Change in Control and within three (3) years after the date the Change in Control occurs (i) the Term and the Executive are terminated other than for Cause, death, disability or Retirement or (ii) the Executive resigns for Good Reason, the following provisions shall apply:

(i) "Change in Control" shall mean any one of the following events: (1) the acquisition by any person of ownership of, holding or power to vote more than 20% of the Company's voting stock, (2) the acquisition by any person of the ability to control the election of a majority of the Company's Board, (3) the acquisition of a controlling influence over the management or policies of the Company by any person or by persons acting as a "group" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 (Exchange Act), or (4) during any period of two consecutive years, individuals (the "Continuing Directors") who at the beginning of such period constitute the Board (the "Existing Board") cease for any reason to constitute at least two-thirds thereof, provided that any individual whose election or nomination for election as a member of the Existing Board was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director. Notwithstanding the foregoing, in the case of (1), (2) and (3) hereof, ownership or control of the Company's voting stock by the only subsidiary of the Company or any employee benefit plan sponsored by the Company or any subsidiary shall not constitute a Change in Control. For purposes of this subparagraph, the term "person" refers to an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization of any other form of entity not specifically listed herein;

(ii) Subject to Section 13 hereof, the Company shall pay to the Executive the following amounts:

A. The sum of (1) the Executive's Base Salary and accrued vacation benefits through the date of termination to the extent not theretofore paid as soon as practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly) and (2) the additional sum of (i) the Executive's Base Salary immediately prior to the Change in Control and (ii) the highest Annual Bonus amount earned in any one of the three (3) years preceding the year of the Change in Control on the 60th day after the effective date of termination.

B. The Company shall continue to provide to the Executive the Employee Benefits for one year following the effective date of termination, reduced by any employment benefits received from later employment, as the same may be changed from time to time for employees of the Company generally, as if the Executive had continued employment during such period; or, as an alternative, the Company may elect to pay Executive cash in lieu of such participation in an amount equal to the Executive's reasonable after-tax cost of obtaining comparable coverage or benefits, where such participation may not be continued by the Company (or where such participation would adversely affect the tax status of the applicable plan pursuant to which the benefits are provided), with any such cash payments to be made in accordance with the ordinary payroll practices of the Company (not less frequently than monthly) for employees generally for the period during which such cash payments are to be provided; and

C. Any stock options granted Executive by the Company which have not vested shall vest in the Executive in full as of the Change in Control. Any such stock options which were intended by the parties to be incentive stock options but which exceed the "\$100,000 first exercisable rule" shall be converted into non-qualified stock options; and

D. If the Executive is unable to sell his home in Jackson for at least the lesser of \$900,000 or the then current appraised value of the home within four (4) months following the effective date of his termination, Company shall acquire such property at that time for a purchase price equal to the lesser of \$900,000 or the then current appraised value of the Executive's home in Jackson in exchange for an unencumbered deed to the property.

E. In consideration of the covenants set forth in Section 4, the Executive shall be paid the Covenant Payments in an undiscounted cash lump sum on the 60th day after the effective date of termination provided the Term and the Executive are terminated within two (2) years after the date a Change in Control occurs and the Change in Control also satisfies the definition of a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of its assets, within the meaning of Section 409A(a)(2)(A)(v) of the Code. Otherwise, the Executive shall be paid the Covenant Payments in the manner provided in Section 4.4.

F. Notwithstanding the foregoing, if payment of any of the foregoing amounts at the time designated above would result in a prohibited acceleration under Section 409A of the Code, then such amount shall be paid at the time the amount would otherwise have been paid under the applicable plan, policy, program or arrangement relating to such amount absent such prohibited acceleration.

5.8. **No Change in Control**. If there has not been a Change in Control prior to the date of termination and (i) the Company terminates the Term and the Executive's employment for a reason other than Cause, death, disability or Retirement or (ii) if the Executive resigns for Good Reason, subject to Section 13 hereof, the Company shall pay to the Executive the following amounts.

A. The Executive's Base Salary and accrued vacation benefits through the date of termination to the extent not theretofore paid in a lump sum as soon as practicable following the effective date of the termination in accordance with the Company's usual payroll practices (not less frequently than monthly);

B. The Company shall continue to provide to the Executive the Employee Benefits for a period of eighteen (18) months following the effective date of the termination, reduced by any employee benefits received from later employment, as the same may be changed from time to time for employees of the Company generally, as if the Executive had continued employment during such period; or, as an alternative, the Company may elect to pay Executive cash in lieu of such participation in an amount equal to the Executive's reasonable after-tax cost of obtaining comparable coverage or benefits, where such participation may not be continued by the Company (or where such participation would adversely affect the tax status of the applicable plan pursuant to which the benefits are provided), with any such cash payments to be made in accordance with the ordinary payroll practices of the Company (not less frequently than monthly) for employees generally for the period during which such cash payments are to be provided; and

C. If the Executive is unable to sell his home in Jackson for at least the lesser of \$900,000 or the then current appraised value of the home within four (4) months following the effective date of his termination, Company shall acquire such property at that time for a purchase price equal to the lesser of \$900,000 or the then current appraised value of the Executive's home in Jackson in exchange for an unencumbered deed to the property;

D. In consideration of the covenants set forth in Section 4, the Executive shall be paid the Covenant Payments in the manner provided in Section 4.4.

E. Notwithstanding the foregoing, if payment of any of the foregoing amounts at the time designated above would result in a prohibited acceleration under Section 409A of the Code, then such amount shall be paid at the time the amount would otherwise have been paid under the applicable plan, policy, program or arrangement relating to such amount absent such prohibited acceleration.

5.9 **Retirement**. Unless terminated earlier pursuant to this Section 5, the Term and the Executive's employment shall automatically terminate on the last business day of the calendar year in which the Executive reaches age 65 ("Retirement"), in which event, the Executive shall be entitled to receive such retirement benefits which have accrued to the Executive by virtue of his employment hereunder, but not the payments described in Sections 4.4, 5.7 and 5.8 hereof.

5.10. **Return of Documents on Termination**. On termination of employment, the Executive shall promptly return to the Company all documents, materials, papers, data, computer discs, statements and any other written material (including but not limited to all copies thereof) and other property of the Company.

5.11 **Release**. The payments and benefits to which the Executive is entitled pursuant to Sections 4.4, 5.4(3), 5.7(ii)A.(2), B-E, 5.8B-D and 8 are contingent upon the Executive executing a release agreement in a form reasonably acceptable to the Company, and the applicable revocation period having expired, before the 60th day following effective date of termination.

6. **Expenses**. The Company shall reimburse the Executive for his reasonable out-of-pocket expenses incurred pursuant to this Agreement and in connection with the performance of his duties under this Agreement, in accordance with the general policy of the Company, upon submission of satisfactory documentation evidencing such expenditures, no later than the last day of the year following the year in which the Executive incurs the expense.

7. **Non-Assignment**. This Agreement and all of the Executive's rights and obligations hereunder are personal to the Executive and shall not be assignable; provided, however, that upon his death all of the Executive's rights to cash payments under this Agreement shall inure to the benefit of his widow, personal representative, designees or other legal representatives, as the case may be. Any person, firm or corporation succeeding to the business of the Company by merger, purchase, consolidation or otherwise shall assume by contract or operation of law the obligations of the Company hereunder, provided, however, that the Company shall, notwithstanding such assumption, remain liable and responsible for the fulfillment of its obligations under this Agreement.

8. **Arbitration**. In the event of a dispute between the Company and the Executive over the terms of this Agreement which is not settled by the parties, the company and the Executive agree to settle any and all such disputed issues by arbitration in accordance with the then-existing rules of the American Arbitration Association. The Company and the Executive shall jointly appoint one person to act as the arbitrator. In the event the Company and the Executive cannot agree to an arbitrator within 30 days, the arbitrator shall be chosen by the American Arbitration Association. The decision of the arbitrator shall be binding upon the parties and there shall be no appeal therefrom other than for bias, fraud or misconduct. The costs of the arbitration, including the fees and expenses of the arbitrator, shall be borne fifty percent by the Company, on the one hand, and fifty percent by the Executive, on the other, but each party shall pay its own attorneys' fees and other professional costs and expenses; provided, however, that if the arbitrator shall rule for the Executive, the Company shall pay or reimburse the Executive's reasonable attorneys' fees and other professional costs and expenses and the Executive's share of the arbitration costs incurred in connection with such arbitration as soon as administratively practicable after the final decision on arbitration in accordance with the Company's usual payroll practices (not less frequently than monthly). Notwithstanding the foregoing, it is specifically understood that the Executive shall remain free to assert and enforce in any court of competent jurisdiction such rights, if any, as the Executive may have under federal law, including without limitation, rights arising under Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination and Employment Act of 1967, as amended, and/or the Americans With Disabilities Act of 1990. Any decision rendered by the arbitrator, except as provided above, shall be final and binding.

9. **Excise Tax Limitation**.

9.1. Notwithstanding anything contained in this Agreement (or in any other agreement between the Executive and the Company) to the contrary, to the extent that any payments and benefits provided under this Agreement or payments or benefits provided to, or for the benefit of, the Executive under the Trustmark Corporation 1997 Long Term Incentive Plan or any other plan or agreement of the Company (such payments or benefits are collectively referred to as the "Payments") would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Payments shall be reduced if and to the extent that a reduction in the Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than he would have retained had he been entitled to receive all of the Payments (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). The Company shall reduce the Payments by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date the "Determination" (as hereinafter defined) is delivered to the Company and the Executive.

9.2. The determination as to whether the Payments shall be reduced to the Limited Payment Amount and the amount of such Limited Payment Amount (the "Determination") shall be made at the Company's expense by an accounting firm selected by the Company and reasonably acceptable to the Executive which is designated as one of the five (5) largest accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide the Determination in writing, together with detailed supporting calculations and documentation, to the Company and the Executive on or prior to the date of termination of the Executive's employment if applicable, or at such other time as requested by the Company or by the Executive. Within ten (10) days of the delivery of the Determination to the Executive, the Executive shall have the right to dispute the Determination (the "Dispute") in writing setting forth the precise basis of the dispute. If there is no Dispute, the Determination shall be binding, final and conclusive upon the Company and the Executive.

9.3 Any Excise Tax payable hereunder shall be paid by the Executive.

10. **Severability**. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction such invalidity, legality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

11. **Other Provisions**.

11.1. **Notices**. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission, or if mailed, five days after the date of deposit in the United States mail, as follows:

(i) if to the Company, to:

Trustmark Corporation
248 East Capitol Street
Post Office Box 291
Jackson, MS 39205
Attention: Chairman of Executive Committee

(ii) if to the Executive, to:

Richard G. Hickson
3973 Dogwood Drive
Jackson, MS 39211

Any party may change its address for notice hereunder by notice to the other parties hereto.

11.2. **Entire Agreement**. This Agreement amends and restates the Original Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior representations, warranties and agreements, written or oral with respect thereto between the Company and the Executive.

11.3. **Waivers and Agreements**. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

11.4. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Mississippi, without regard to its principle of conflicts of law.

11.5. **Counterparts**. This Agreement may be executed in two counterparts, each of which shall be deemed an original but both of which together shall constitute one and the same instrument.

11.6. **Headings**. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

12. **Board Approval**. The effectiveness of this Agreement shall be subject to approval by a majority of the Board of the Company entitled to vote on the date hereof.

13. **Omnibus 409A Provision**. Notwithstanding any other provision of this Agreement, it is intended that any payment or benefit which is provided pursuant to or in connection with this Agreement which is considered to be deferred compensation subject to Section 409A of the Code shall be provided and paid in a manner, and at such time and in such form, as complies with the requirements of Section 409A of the Code to avoid any unfavorable tax consequences. For purposes of this Agreement, all rights to payments and benefits hereunder shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Section 409A of the Code. Notwithstanding any other provision of this Agreement, payments or provision of benefits in connection with the separation from service will be delayed, to the extent applicable, until six months after the separation from service or, if earlier, Executive's death, if Executive is a "specified employee" under Section 409A of the Code (the "409A Deferral Period"). In the event such payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the payments shall be made as otherwise scheduled. In the event benefits are required to be deferred, any such benefit may be provided during the 409A Deferral Period at Executive's expense, with Executive having a right to reimbursement from the Company once the 409A Deferral Period ends, and the balance of the benefits shall be provided as otherwise scheduled. For purposes of this Agreement, termination of employment will be read to mean a "separation from service" within the meaning of Section 409A of the Code where it is reasonably anticipated that no further services would be performed after that date or that the level of services Executive would perform after that date (whether as an employee or independent contractor) would permanently decrease to less than 50% of the average level of bona fide services performed over the immediately preceding thirty-six (36)- month period.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date above written.

TRUSTMARK CORPORATION

By: /s/ Daniel A. Grafton

Daniel A. Grafton
Chairman of the Human Resources Committee

EXECUTIVE

/s/ Richard G. Hickson

Richard G. Hickson

AMENDED AND RESTATED AGREEMENT

This Amended and Restated Agreement (" **Agreement** ") is entered into as of October 23, 2007, by Trustmark Corporation, a Mississippi corporation (the " **Company** "), and Gerard R. Host (the " **Executive** "). The Company and Executive have entered into this Agreement with reference to the following facts:

A. The Company and Executive entered into that certain Agreement dated as of December 22, 1997, which the Company and the Executive amended and restated in its entirety as of March 12, 2002 (" **Original Agreement** "); and

B. The Company and Executive now desire to amend and restate in its entirety the Original Agreement as set forth in this Agreement to reflect the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (" **Code** "), and the final regulations issued thereunder.

NOW, THEREFORE, in consideration of the mutual premises and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **Definition of Terms**. As used in this Agreement, the following terms shall have the respective meanings indicated below:

A. "Base Salary" means the Executive's annual base salary as in effect at any particular time.

B. "Cause" means that the Executive has (i) committed an act of personal dishonesty, embezzlement or fraud; (ii) has misused alcohol or drugs; (iii) failed to pay any obligation owed to the Company or any affiliate; (iv) breached a fiduciary duty or deliberately disregarded any rule of the Company or any affiliate; (v) has committed an act of willful misconduct, or the intentional failure to perform stated duties; (vi) has willfully violated any law, rule or regulation (other than misdemeanors, traffic violations or similar offenses) or any final cease-and-desist order; (vii) has disclosed without authorization any Confidential Information of the Company or any affiliate, or has engaged in any conduct constituting unfair competition, or has induced any customer of the Company or any affiliate to breach a contract with the Company or any affiliate.

C. "Change in Control" means any one of the following events: (1) the acquisition by any person of ownership of, holding or power to vote more than 20% of the Company's voting stock, (2) the acquisition by any person of the ability to control the election of a majority of the Company's board of directors, (3) the acquisition of a controlling influence over the management or policies of the Company by any person or by persons acting as a "group" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 (Exchange Act), or (4) during any period of two consecutive years, individuals (the "Continuing Directors") who at the beginning of such period constitute the board of directors (the "Existing Board") cease for any reason to constitute at least two-thirds thereof, provided that any individual whose election or nomination for election as a member of the Existing Board was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director. Notwithstanding the foregoing, in the case of (1), (2) and (3) hereof, ownership or control of the Company's voting stock by the only subsidiary of the Company or any employee benefit plan sponsored by the Company or any subsidiary shall not constitute a Change in Control. For purposes of this subparagraph, the term "person" refers to an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization of any other form of entity not specifically listed herein;

D. "Confidential Information" means all trade secrets, confidential information (including but not limited to confidential information with respect to marketing, product offerings or expansion plans) and financial matters of the Company and its subsidiaries.

E. "Disability" means that the Executive becomes physically or mentally disabled during the Executive's employment with the Company so that he is unable to perform the services required of him for a period of 90 days.

F. "Employee Benefits" means all group life, hospitalization and disability insurance plans, health programs, pension plans, similar benefit plans or other so called "fringe benefit programs" of the Company as are now existing or as may hereafter be revised or adopted and offered to senior executives of the Company or its affiliates generally.

G. "Good Reason" means (1) a demotion in the Executive's status, title or position, or the assignment to the Executive of duties or responsibilities which are materially inconsistent with such status, title or position; (2) a material breach of this Agreement by the Company, provided the Company has not remedied such breach within thirty (30) days of receipt of written notice of such breach; or (3) a relocation of the executive offices of the Company to a location more than 50 miles outside of Jackson, Mississippi without the Executive's written consent given to the Company within thirty (30) days of the Executive's receipt of notification of such relocation by the Company.

H. "Retirement" means the last business day of the calendar year in which the Executive reaches age 65.

2. **Change in Control.** If at any time during the Executive's employment the Company experiences a Change in Control and within two (2) years after the date the Change in Control occurs (i) the Executive's employment is terminated other than for Cause, death, Disability or Retirement or (ii) the Executive resigns for Good Reason, subject to Section 14 hereof, the Company shall pay to the Executive the following amounts:

A. The sum of (1) the Executive's Base Salary and accrued vacation benefits through the date of termination to the extent not theretofore paid in a lump sum as soon as administratively practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly) and (2) the additional sum of (i) Executive's Base Salary immediately prior to the Change in Control and (ii) the highest annual bonus amount earned in either of the two (2) years preceding the year of the Change in Control in a lump sum on the 60th day after the effective date of termination.

B. The Company shall continue to provide to the Executive the Employee Benefits for one year following the effective date of termination, reduced by any employment benefits received from later employment, as the same may be changed from time to time for employees of the Company generally, as if the Executive had continued employment during such period; or, as an alternative, the Company may elect to pay Executive cash in lieu of such participation in an amount equal to the Executive's reasonable after-tax cost of obtaining comparable coverage or benefits, where such participation may not be continued by the Company (or where such participation would adversely affect the tax status of the applicable plan pursuant to which the benefits are provided), with any such cash payments to be made in accordance with the ordinary payroll practices of the Company (not less frequently than monthly) for employees generally for the period during which such cash payments are to be provided; and

C. Any stock options granted Executive by the Company which have not vested shall vest in the Executive in full as of the Change in Control. Any such stock options which were intended by the parties to be incentive stock options but which exceed the "\$100,000 first exercisable rule" shall be converted into non-qualified stock options.

3. **Confidentiality, Nonsolicitation and Noncompete** .

3.1 **Confidentiality** . The Executive covenants and agrees that all trade secrets, confidential information (including but not limited to confidential information with respect to marketing, product offerings or expansion plans), and financial matters of the Company and its subsidiaries (collectively "Confidential Information") which are learned by him in the course of his employment by the Company shall be held in a fiduciary capacity and treated as confidential by him and shall not be disclosed, communicated or divulged by him or used by him for the benefit of any person or entity (other than the Company, its subsidiaries or affiliates) unless expressly authorized in writing by the Board, or unless the Confidential Information becomes generally available to the public otherwise than through disclosure by the Executive.

3.2 **Nonsolicitation** . The Executive agrees that (1) during the period he is employed with the Company and for a period of twelve (12) months after termination of employment, he will not, without the prior written consent of the Board, directly or indirectly solicit, entice, persuade, or induce any employee, director, officer, associate, consultant, agent or independent contractor of the Company or its subsidiaries (i) to terminate such person's employment or engagement by the Company or its subsidiaries or (ii) to become employed by any person, firm, partnership, corporation, or other such enterprise other than the Company, its subsidiaries or affiliates, and (2) he shall not following the termination of his employment hereunder represent that he is any way connected with the business of the Company or its subsidiaries (except to the extent agreed to in writing by the Company).

3.3 **Noncompete**. The Executive agrees that during the period he is employed with the Company and, for a period of twelve (12) months following the date of termination of his employment for any reason except Retirement, he will not (except as a representative of the Company or with the prior written consent of the Board), directly or indirectly, engage, participate or make any financial investment, as an employee, director, officer, associate, consultant, agent, independent contractor, lender or investor, in the business of any person, firm, partnership, corporation or other enterprise that is engaged in direct competition with the business of the Company in any geographic area in which the Company is then conducting such business. Nothing in this Section 3.3 shall be construed to preclude the Executive from making any investments in the securities of any business enterprise whether or not engaged in competition with the Company, to the extent that such securities are actively traded on a national securities exchange or in the over-the-counter market in the United States or on any foreign securities exchange and represent less than one-percent (1%) of any class of securities of such business enterprise. Executive acknowledges that if his employment with the Company terminates for any reason, he can earn a livelihood without violating the foregoing restrictions and that the time period and scope of the foregoing restrictions are reasonably required for the protection of the Company's valid business interests.

3.4. **Covenant Payments**. In consideration for the covenants contained in Section 3, which are considered material to the Company, the Company agrees to pay Executive all amounts owed pursuant to this Agreement, and upon Executive's termination without Cause or Executive's resignation for Good Reason, to pay Executive an amount (the "**Covenant Payments**") equal to the sum of (i) the Executive's Base Salary and (ii) the highest annual bonus earned in any one of the three years preceding the termination. The Covenant Payments shall be paid in twelve (12) equal monthly installments with the first installment commencing on the 60th day after the effective date of termination and continuing thereafter on the same day of each following month until all twelve (12) monthly installments are paid. In the event of the Executive's death following such date of termination, any unpaid installments shall be paid to the Executive's estate in a single undiscounted cash lump sum. Such lump sum shall be paid on the 60th day after the Executive's death. Notwithstanding anything herein to the contrary, if the Executive is terminated for Cause or the Executive voluntarily resigns other than for Good Reason or has a Disability, the Executive will remain subject to the covenants contained in Section 3 but will not be entitled to the Covenant Payments.

3.5 **Remedies**. The Company would be damaged irreparably if any provision of Section 3 was not performed by the Executive in accordance with its terms or was otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Company or its successors or assigns shall be entitled, in addition to any other rights and remedies existing in their favor, including the right to retain the Covenant Payments, to an injunction or injunctions to prevent any breach or threatened breach of any such provisions and to enforce such provisions specifically (without posting a bond or other security). Executive agrees that Company or its successors or assigns may retain the Covenant Payments as partially liquidated damages for such breach and not as a penalty. The Executive would be damaged irreparably if any provision of Section 3 was not performed by the Company in accordance with its terms or was otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Executive shall be entitled, in addition to any other rights and remedies existing in his favor, to an injunction or injunctions to prevent any breach or threatened breach of any such provisions and to enforce such provisions specifically (without posting a bond or other security).

4. **Release**. The payments and benefits to which the Executive is entitled pursuant to Sections 2A.(2), B. and C. and 3.4 are contingent upon the Executive executing a release agreement in a form reasonably acceptable to the Company, and the applicable revocation period having expired, before the 60th day after the effective date of termination.

5. **Excise Tax Limitation**.

A. Notwithstanding anything contained in this Agreement (or in any other agreement between the Executive and the Company) to the contrary, to the extent that any payments and benefits provided under this Agreement or payments or benefits provided to, or for the benefit of, the Executive under any plan or agreement of the Company (such payments or benefits are collectively referred to as the "Payments") would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Payments shall be reduced if and to the extent that a reduction in the Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than he would have retained had he been entitled to receive all of the Payments (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). The Company shall reduce the Payments by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date the "Determination" (as hereinafter defined) is delivered to the Company and the Executive.

B. The determination as to whether the Payments shall be reduced to the Limited Payment Amount and the amount of such Limited Payment Amount (the "Determination") shall be made at the Company's expense by an accounting firm selected by the Company and reasonably acceptable to the Executive which is designated as one of the five (5) largest accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide the Determination in writing, together with detailed supporting calculations and documentation, to the Company and the Executive on or prior to the date of termination of the Executive's employment if applicable, or at such other time as requested by the Company or by the Executive. Within ten (10) days of the delivery of the Determination to the Executive, the Executive shall have the right to dispute the Determination (the "Dispute") in writing setting forth the precise basis of the dispute. If there is no Dispute, the Determination shall be binding, final and conclusive upon the Company and the Executive.

C. Any Excise Tax payable hereunder shall be paid by the Executive.

6. **Non-Assignment**. This Agreement and all of the Executive's rights and obligations hereunder are personal to the Executive and shall not be assignable; provided, however, that upon his death all of the Executive's rights to cash payments under this Agreement shall inure to the benefit of his widow, personal representative, designees or other legal representatives, as the case may be. Any person, firm or corporation succeeding to the business of the Company by merger, purchase, consolidation or otherwise shall assume by contract or operation of law the obligations of the Company hereunder, provided, however, that the Company shall, notwithstanding such assumption, remain liable and responsible for the fulfillment of its obligations under this Agreement.

7. **Severability** . Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction such invalidity, legality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

8. **Notices** . Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission, or if mailed, five days after the date of deposit in the United States mail, as follows:

(i) if to the Company, to:

Trustmark Corporation
248 East Capitol Street
Post Office Box 291
Jackson, MS 39205
Attention: Chief Executive Officer

(ii) if to the Executive, to:

Gerard R. Host
509 Winter Oak
Madison, MS 39110

Any party may change its address for notice hereunder by notice to the parties hereto.

9. **Entire Agreement** . This Agreement amends and restates the Original Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior representations, warranties and agreements, written or oral with respect thereto between the Company and the Executive.

10. **Waivers and Agreements** . This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

11. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Mississippi, without regard to its principle of conflicts of law.

12. **Headings**. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

13. **Board Approval**. This Agreement has been authorized by action of the Board of Directors of the Company on October 23, 2007, as is referenced in the minutes of their meeting on that day.

14. **Omnibus 409A Provision**. Notwithstanding any other provision of this Agreement, it is intended that any payment or benefit which is provided pursuant to or in connection with this Agreement which is considered to be deferred compensation subject to Section 409A of the Code shall be provided and paid in a manner, and at such time and in such form, as complies with the requirements of Section 409A of the Code to avoid any unfavorable tax consequences. For purposes of this Agreement, all rights to payments and benefits hereunder shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Section 409A of the Code. Notwithstanding any other provision of this Agreement, payments or provision of benefits in connection with a separation from service will be delayed, to the extent applicable, until six months after the separation from service or, if earlier, Executive's death, if Executive is a "specified employee" under Section 409A of the Code (the "409A Deferral Period"). In the event such payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the benefits shall be made as otherwise scheduled. In the event benefits are required to be deferred, any such benefit may be provided during the 409A Deferral Period at Executive's expense, with Executive having a right to reimbursement from the Company once the 409A Deferral Period ends, and the balance of the benefits shall be provided as otherwise scheduled. For purposes of this Agreement, termination of employment will be read to mean a "separation from service" within the meaning of Section 409A of the Code where it is reasonably anticipated that no further services would be performed after that date or that the level of services Executive would perform after that date (whether as an employee or independent contractor) would permanently decrease to less than 50% of the average level of bona fide services performed over the immediately preceding thirty-six (36)- month period.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date above written.

TRUSTMARK CORPORATION

EXECUTIVE

By: /s/ Richard G. Hickson
Richard G. Hickson
Chairman and Chief Executive Officer

/s/ Gerard R. Host
Gerard R. Host

AMENDED AND RESTATED AGREEMENT

This Amended and Restated Agreement (" **Agreement** ") is entered into as of October 23, 2007, by Trustmark Corporation, a Mississippi corporation (the " **Company** "), and Harry M. Walker (the " **Executive** "). The Company and Executive have entered into this Agreement with reference to the following facts:

A. The Company and Executive entered into that certain Agreement dated as of December 22, 1997, which the Company and Executive amended and restated in its entirety as of March 12, 2002 (" **Original Agreement** "); and

B. The Company and Executive now desire to amend and restate in its entirety the Original Agreement as set forth in this Agreement to reflect the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (" **Code** "), and the final regulations issued thereunder.

NOW, THEREFORE, in consideration of the mutual premises and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **Definition of Terms**. As used in this Agreement, the following terms shall have the respective meanings indicated below:

A. "Base Salary" means the Executive's annual base salary as in effect at any particular time.

B. "Cause" means that the Executive has (i) committed an act of personal dishonesty, embezzlement or fraud; (ii) has misused alcohol or drugs; (iii) failed to pay any obligation owed to the Company or any affiliate; (iv) breached a fiduciary duty or deliberately disregarded any rule of the Company or any affiliate; (v) has committed an act of willful misconduct, or the intentional failure to perform stated duties; (vi) has willfully violated any law, rule or regulation (other than misdemeanors, traffic violations or similar offenses) or any final cease-and-desist order; (vii) has disclosed without authorization any Confidential Information of the Company or any affiliate, or has engaged in any conduct constituting unfair competition, or has induced any customer of the Company or any affiliate to breach a contract with the Company or any affiliate.

C. "Change in Control" means any one of the following events: (1) the acquisition by any person of ownership of, holding or power to vote more than 20% of the Company's voting stock, (2) the acquisition by any person of the ability to control the election of a majority of the Company's board of directors, (3) the acquisition of a controlling influence over the management or policies of the Company by any person or by persons acting as a "group" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 (Exchange Act), or (4) during any period of two consecutive years, individuals (the "Continuing Directors") who at the beginning of such period constitute the board of directors (the "Existing Board") cease for any reason to constitute at least two-thirds thereof, provided that any individual whose election or nomination for election as a member of the Existing Board was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director. Notwithstanding the foregoing, in the case of (1), (2) and (3) hereof, ownership or control of the Company's voting stock by the only subsidiary of the Company or any employee benefit plan sponsored by the Company or any subsidiary shall not constitute a Change in Control. For purposes of this subparagraph, the term "person" refers to an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization of any other form of entity not specifically listed herein;

D. "Confidential Information" means all trade secrets, confidential information (including but not limited to confidential information with respect to marketing, product offerings or expansion plans) and financial matters of the Company and its subsidiaries.

E. "Disability" means that the Executive becomes physically or mentally disabled during the Executive's employment with the Company so that he is unable to perform the services required of him for a period of 90 days.

F. "Employee Benefits" means all group life, hospitalization and disability insurance plans, health programs, pension plans, similar benefit plans or other so called "fringe benefit programs" of the Company as are now existing or as may hereafter be revised or adopted and offered to senior executives of the Company or its affiliates generally.

G. "Good Reason" means (1) a demotion in the Executive's status, title or position, or the assignment to the Executive of duties or responsibilities which are materially inconsistent with such status, title or position; (2) a material breach of this Agreement by the Company, provided the Company has not remedied such breach within thirty (30) days of receipt of written notice of such breach; or (3) a relocation of the executive offices of the Company to a location more than 50 miles outside of Jackson, Mississippi without the Executive's written consent given to the Company within thirty (30) days of the Executive's receipt of notification of such relocation by the Company.

H. "Retirement" means the last business day of the calendar year in which the Executive reaches age 65.

2. **Change in Control.** If at any time during the Executive's employment the Company experiences a Change in Control and within two (2) years after the date the Change in Control occurs (i) the Executive's employment is terminated other than for Cause, death, Disability or Retirement or (ii) the Executive resigns for Good Reason, subject to Section 14 hereof, the Company shall pay to the Executive the following amounts:

A. The sum of (1) the Executive's Base Salary and accrued vacation benefits through the date of termination to the extent not theretofore paid in a lump sum as soon as administratively practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly) and (2) the additional sum of (i) Executive's Base Salary immediately prior to the Change in Control and (ii) the highest annual bonus amount earned in either of the two (2) years preceding the year of the Change in Control in a lump sum on the 60th day after the effective date of termination.

B. The Company shall continue to provide to the Executive the Employee Benefits for one year following the effective date of termination, reduced by any employment benefits received from later employment, as the same may be changed from time to time for employees of the Company generally, as if the Executive had continued employment during such period; or, as an alternative, the Company may elect to pay Executive cash in lieu of such participation in an amount equal to the Executive's reasonable after-tax cost of obtaining comparable coverage or benefits, where such participation may not be continued by the Company (or where such participation would adversely affect the tax status of the applicable plan pursuant to which the benefits are provided), with any such cash payments to be made in accordance with the ordinary payroll practices of the Company (not less frequently than monthly) for employees generally for the period during which such cash payments are to be provided; and

C. Any stock options granted Executive by the Company which have not vested shall vest in the Executive in full as of the Change in Control. Any such stock options which were intended by the parties to be incentive stock options but which exceed the "\$100,000 first exercisable rule" shall be converted into non-qualified stock options.

3. **Confidentiality, Nonsolicitation and Noncompete** .

3.1 **Confidentiality** . The Executive covenants and agrees that all trade secrets, confidential information (including but not limited to confidential information with respect to marketing, product offerings or expansion plans), and financial matters of the Company and its subsidiaries (collectively "Confidential Information") which are learned by him in the course of his employment by the Company shall be held in a fiduciary capacity and treated as confidential by him and shall not be disclosed, communicated or divulged by him or used by him for the benefit of any person or entity (other than the Company, its subsidiaries or affiliates) unless expressly authorized in writing by the Board, or unless the Confidential Information becomes generally available to the public otherwise than through disclosure by the Executive.

3.2 **Nonsolicitation** . The Executive agrees that (1) during the period he is employed with the Company and for a period of twelve (12) months after termination of employment, he will not, without the prior written consent of the Board, directly or indirectly solicit, entice, persuade, or induce any employee, director, officer, associate, consultant, agent or independent contractor of the Company or its subsidiaries (i) to terminate such person's employment or engagement by the Company or its subsidiaries or (ii) to become employed by any person, firm, partnership, corporation, or other such enterprise other than the Company, its subsidiaries or affiliates, and (2) he shall not following the termination of his employment hereunder represent that he is any way connected with the business of the Company or its subsidiaries (except to the extent agreed to in writing by the Company).

3.3 **Noncompete**. The Executive agrees that during the period he is employed with the Company and, for a period of twelve (12) months following the date of termination of his employment for any reason except Retirement, he will not (except as a representative of the Company or with the prior written consent of the Board), directly or indirectly, engage, participate or make any financial investment, as an employee, director, officer, associate, consultant, agent, independent contractor, lender or investor, in the business of any person, firm, partnership, corporation or other enterprise that is engaged in direct competition with the business of the Company in any geographic area in which the Company is then conducting such business. Nothing in this Section 3.3 shall be construed to preclude the Executive from making any investments in the securities of any business enterprise whether or not engaged in competition with the Company, to the extent that such securities are actively traded on a national securities exchange or in the over-the-counter market in the United States or on any foreign securities exchange and represent less than one-percent (1%) of any class of securities of such business enterprise. Executive acknowledges that if his employment with the Company terminates for any reason, he can earn a livelihood without violating the foregoing restrictions and that the time period and scope of the foregoing restrictions are reasonably required for the protection of the Company's valid business interests.

3.4. **Covenant Payments**. In consideration for the covenants contained in Section 3, which are considered material to the Company, the Company agrees to pay Executive all amounts owed pursuant to this Agreement, and upon Executive's termination without Cause or Executive's resignation for Good Reason, to pay Executive an amount (the "**Covenant Payments**") equal to the sum of (i) the Executive's Base Salary and (ii) the highest annual bonus earned in any one of the three years preceding the termination. The Covenant Payments shall be paid in twelve (12) equal monthly installments with the first installment commencing on the 60th day after the effective date of termination and continuing thereafter on the same day of each following month until all twelve (12) monthly installments are paid. In the event of the Executive's death following such date of termination, any unpaid installments shall be paid to the Executive's estate in a single undiscounted cash lump sum. Such lump sum shall be paid on the 60th day after the Executive's death. Notwithstanding anything herein to the contrary, if the Executive is terminated for Cause or the Executive voluntarily resigns other than for Good Reason or has a Disability, the Executive will remain subject to the covenants contained in Section 3 but will not be entitled to the Covenant Payments.

3.5 **Remedies**. The Company would be damaged irreparably if any provision of Section 3 was not performed by the Executive in accordance with its terms or was otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Company or its successors or assigns shall be entitled, in addition to any other rights and remedies existing in their favor, including the right to retain the Covenant Payments, to an injunction or injunctions to prevent any breach or threatened breach of any such provisions and to enforce such provisions specifically (without posting a bond or other security). Executive agrees that Company or its successors or assigns may retain the Covenant Payments as partially liquidated damages for such breach and not as a penalty. The Executive would be damaged irreparably if any provision of Section 3 was not performed by the Company in accordance with its terms or was otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Therefore, the Executive shall be entitled, in addition to any other rights and remedies existing in his favor, to an injunction or injunctions to prevent any breach or threatened breach of any such provisions and to enforce such provisions specifically (without posting a bond or other security).

4. **Release**. The payments and benefits to which the Executive is entitled pursuant to Sections 2A.(2), B. and C. and 3.4 are contingent upon the Executive executing a release agreement in a form reasonably acceptable to the Company, and the applicable revocation period having expired, before the 60th day after the effective date of termination.

5. **Excise Tax Limitation**.

A. Notwithstanding anything contained in this Agreement (or in any other agreement between the Executive and the Company) to the contrary, to the extent that any payments and benefits provided under this Agreement or payments or benefits provided to, or for the benefit of, the Executive under any plan or agreement of the Company (such payments or benefits are collectively referred to as the "Payments") would be subject to the excise tax (the "Excise Tax") imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Payments shall be reduced if and to the extent that a reduction in the Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax), than he would have retained had he been entitled to receive all of the Payments (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). The Company shall reduce the Payments by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date the "Determination" (as hereinafter defined) is delivered to the Company and the Executive.

B. The determination as to whether the Payments shall be reduced to the Limited Payment Amount and the amount of such Limited Payment Amount (the "Determination") shall be made at the Company's expense by an accounting firm selected by the Company and reasonably acceptable to the Executive which is designated as one of the five (5) largest accounting firms in the United States (the "Accounting Firm"). The Accounting Firm shall provide the Determination in writing, together with detailed supporting calculations and documentation, to the Company and the Executive on or prior to the date of termination of the Executive's employment if applicable, or at such other time as requested by the Company or by the Executive. Within ten (10) days of the delivery of the Determination to the Executive, the Executive shall have the right to dispute the Determination (the "Dispute") in writing setting forth the precise basis of the dispute. If there is no Dispute, the Determination shall be binding, final and conclusive upon the Company and the Executive.

C. Any Excise Tax payable hereunder shall be paid by the Executive.

6. **Non-Assignment**. This Agreement and all of the Executive's rights and obligations hereunder are personal to the Executive and shall not be assignable; provided, however, that upon his death all of the Executive's rights to cash payments under this Agreement shall inure to the benefit of his widow, personal representative, designees or other legal representatives, as the case may be. Any person, firm or corporation succeeding to the business of the Company by merger, purchase, consolidation or otherwise shall assume by contract or operation of law the obligations of the Company hereunder, provided, however, that the Company shall, notwithstanding such assumption, remain liable and responsible for the fulfillment of its obligations under this Agreement.

7. **Severability** . Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction such invalidity, legality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

8. **Notices** . Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally, telegraphed, telexed or sent by facsimile transmission, or if mailed, five days after the date of deposit in the United States mail, as follows:

(i) if to the Company, to:

Trustmark Corporation
248 East Capitol Street
Post Office Box 291
Jackson, MS 39205
Attention: Chief Executive Officer

(ii) if to the Executive, to:

Harry M. Walker
148 St. Andrews Drive
Jackson, MS 39211

Any party may change its address for notice hereunder by notice to the other parties hereto.

9. **Entire Agreement** . This Agreement amends and restates the Original Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior representations, warranties and agreements, written or oral with respect thereto between the Company and the Executive.

10. **Waivers and Agreements** . This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may be waived, only by written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

11. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Mississippi, without regard to its principle of conflicts of law.

12. **Headings**. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

13. **Board Approval**. This Agreement has been authorized by action of the Board of Directors of the Company on October 23, 2007, as is referenced in the minutes of their meeting on that day.

14. **Omnibus 409A Provision**. Notwithstanding any other provision of this Agreement, it is intended that any payment or benefit which is provided pursuant to or in connection with this Agreement which is considered to be deferred compensation subject to Section 409A of the Code shall be provided and paid in a manner, and at such time and in such form, as complies with the requirements of Section 409A of the Code to avoid any unfavorable tax consequences. For purposes of this Agreement, all rights to payments and benefits hereunder shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Section 409A of the Code. Notwithstanding any other provision of this Agreement, payments or provision of benefits in connection with a separation from service will be delayed, to the extent applicable, until six months after the separation from service or, if earlier, Executive's death, if Executive is a "specified employee" under Section 409A of the Code (the "409A Deferral Period"). In the event such payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the benefits shall be made as otherwise scheduled. In the event benefits are required to be deferred, any such benefit may be provided during the 409A Deferral Period at Executive's expense, with Executive having a right to reimbursement from the Company once the 409A Deferral Period ends, and the balance of the payment shall be provided as otherwise scheduled. For purposes of this Agreement, termination of employment will be read to mean a "separation from service" within the meaning of Section 409A of the Code where it is reasonably anticipated that no further services would be performed after that date or that the level of services Executive would perform after that date (whether as an employee or independent contractor) would permanently decrease to less than 50% of the average level of bona fide services performed over the immediately preceding thirty-six (36)- month period.

IN WITNESS WHEREOF, the parties have executed this agreement as of the date first above written.

TRUSTMARK CORPORATION

EXECUTIVE

By: /s/ Richard G. Hickson
Richard G. Hickson
Chairman and Chief Executive Officer

/s/ Harry M. Walker
Harry M. Walker

Management Report on Internal Control over Financial Reporting

The management of Trustmark Corporation (Trustmark) is responsible for establishing and maintaining adequate internal control over financial reporting. Trustmark's internal control over financial reporting was designed under the supervision of the Chief Executive Officer and Treasurer (Principal Financial Officer) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of published financial statements in accordance with U.S. generally accepted accounting principles.

Management assessed the effectiveness of internal control over financial reporting as of December 31, 2007. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework*. Based on our assessment, we believe that, as of December 31, 2007, Trustmark's internal control over financial reporting is effective based on those criteria.

The effectiveness of Trustmark's internal control over financial reporting as of December 31, 2007, was audited by KPMG LLP, an independent registered public accounting firm, as stated in their report appearing on the following page.

/s/ Richard G. Hickson
Richard G. Hickson
*Chairman and
Chief Executive Officer*

/s/ Louis E. Greer
Louis E. Greer
*Treasurer and
Principal Financial Officer*

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders Trustmark Corporation:

We have audited Trustmark Corporation and subsidiaries' (the Corporation) internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Trustmark Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Trustmark Corporation and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007, and our report dated February 29, 2008, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Jackson, Mississippi
February 29, 2008

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Trustmark Corporation:

We have audited the accompanying consolidated balance sheets of Trustmark Corporation and subsidiaries (the Corporation) as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Trustmark Corporation and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Corporation changed its method of accounting for uncertainty in tax positions effective January 1, 2007. Also, as discussed in Note 1 to the consolidated financial statements, the Corporation changed its method of accounting for share based payments, mortgage servicing rights and evaluating prior year misstatements effective January 1, 2006 and, effective December 31, 2006, its method of accounting for defined benefit pension and postretirement benefit plans.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Corporation's internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2008, expressed an unqualified opinion on the effectiveness of the Corporation's internal control over financial reporting.

/s/ KPMG LLP
Jackson, Mississippi
February 29, 2008

Trustmark Corporation
Consolidated Balance Sheets
(\$ in thousands except share data)

	December 31,	
	2007	2006
Assets		
Cash and due from banks (noninterest-bearing)	\$ 292,983	\$ 392,083
Federal funds sold and securities purchased under reverse repurchase agreements	17,997	27,259
Securities available for sale (at fair value)	442,345	758,272
Securities held to maturity (fair value: \$276,631 - 2007; \$290,905 - 2006)	275,096	292,243
Loans held for sale	147,508	95,375
Loans	7,040,792	6,563,153
Less allowance for loan losses	79,851	72,098
Net loans	6,960,941	6,491,055
Premises and equipment, net	151,680	134,372
Mortgage servicing rights	67,192	69,272
Goodwill	291,177	290,363
Identifiable intangible assets	28,102	32,960
Other assets	291,781	257,716
Total Assets	\$ 8,966,802	\$ 8,840,970
Liabilities		
Deposits:		
Noninterest-bearing	\$ 1,477,171	\$ 1,574,769
Interest-bearing	5,392,101	5,401,395
Total deposits	6,869,272	6,976,164
Federal funds purchased and securities sold under repurchase agreements	460,763	470,434
Short-term borrowings	474,354	271,067
Subordinated notes	49,709	49,677
Junior subordinated debt securities	70,104	70,104
Other liabilities	122,964	112,189
Total Liabilities	8,047,166	7,949,635
Commitments and Contingencies		
Shareholders' Equity		
Common stock, no par value:		
Authorized: 250,000,000 shares		
Issued and outstanding: 57,272,408 shares - 2007; 58,676,586 shares - 2006	11,933	12,226
Capital surplus	124,161	158,856
Retained earnings	797,993	740,870
Accumulated other comprehensive loss, net of tax	(14,451)	(20,617)
Total Shareholders' Equity	919,636	891,335
Total Liabilities and Shareholders' Equity	\$ 8,966,802	\$ 8,840,970

See notes to consolidated financial statements.

Trustmark Corporation
Consolidated Statements of Income
(\$ in thousands except per share data)

	Years Ended December 31,		
	2007	2006	2005
Interest Income			
Interest and fees on loans	\$ 500,633	\$ 430,441	\$ 350,550
Interest on securities:			
Taxable	31,784	41,576	54,231
Tax exempt	6,463	7,172	7,455
Interest on federal funds sold and securities purchased under reverse repurchase agreements	2,147	1,327	994
Other interest income	2,116	2,230	2,467
Total Interest Income	543,143	482,746	415,697
Interest Expense			
Interest on deposits	200,375	153,840	81,960
Interest on federal funds purchased and securities sold under repurchase agreements	20,224	20,228	19,138
Other interest expense	21,761	28,107	38,158
Total Interest Expense	242,360	202,175	139,256
Net Interest Income	300,783	280,571	276,441
Provision for loan losses	23,784	(5,938)	19,541
Net Interest Income After Provision for Loan Losses	276,999	286,509	256,900
Noninterest Income			
Service charges on deposit accounts	54,179	53,212	51,019
Insurance commissions	35,286	33,871	33,006
Wealth management	25,755	23,183	21,579
General banking - other	24,876	22,867	20,835
Mortgage banking, net	12,024	10,030	5,845
Other, net	10,215	10,043	14,467
Securities gains (losses), net	112	1,922	(3,644)
Total Noninterest Income	162,447	155,128	143,107
Noninterest Expense			
Salaries and employee benefits	170,722	159,690	149,817
Services and fees	37,259	36,659	34,003
Net occupancy - premises	18,517	17,120	15,280
Equipment expense	16,039	14,899	15,180
Other expense	33,912	32,112	28,996
Total Noninterest Expense	276,449	260,480	243,276
Income Before Income Taxes	162,997	181,157	156,731
Income taxes	54,402	61,884	53,780
Net Income	\$ 108,595	\$ 119,273	\$ 102,951
Earnings Per Share			
Basic	\$ 1.88	\$ 2.11	\$ 1.82
Diluted	\$ 1.88	\$ 2.09	\$ 1.81

See notes to consolidated financial statements.

Trustmark Corporation
Consolidated Statements of Changes in Shareholders' Equity

(\$ in thousands except per share data)

	Common Stock		Capital Surplus	Retained Earnings	Accumulated Other	Total
	Shares Outstanding	Amount			Comprehensive Loss	
Balance, January 1, 2005	57,858,497	\$ 12,055	\$ 121,705	\$ 620,588	\$ (3,952)	\$ 750,396
Comprehensive income:						
Net income per consolidated statements of income	-	-	-	102,951	-	102,951
Other comprehensive income, net of tax:						
Net change in fair value of securities available for sale	-	-	-	-	(8,775)	(8,775)
Net change in unfunded accumulated benefit obligation	-	-	-	-	(585)	(585)
Comprehensive income						93,591
Cash dividends paid (\$0.81 per share)	-	-	-	(45,758)	-	(45,758)
Common stock issued, long-term incentive plan	98,288	20	2,463	-	-	2,483
Compensation expense, long-term incentive plan	-	-	1,646	-	-	1,646
Repurchase and retirement of common stock	(2,185,326)	(455)	(60,440)	-	-	(60,895)
Balance, December 31, 2005	55,771,459	11,620	65,374	677,781	(13,312)	741,463
Cumulative effect adjustment due to change in accounting for mortgage servicing rights	-	-	-	848	-	848
Cumulative effect adjustment due to change in accounting for prior year immaterial misstatements	-	-	-	(8,398)	-	(8,398)
Balance, December 31, 2005, retrospectively adjusted	55,771,459	11,620	65,374	670,231	(13,312)	733,913
Comprehensive income:						
Net income per consolidated statements of income	-	-	-	119,273	-	119,273
Other comprehensive income, net of tax:						
Net change in fair value of securities available for sale	-	-	-	-	3,095	3,095
Comprehensive income						122,368
Pension and other postretirement benefit plans, adoption of SFAS No. 158:						
Net prior service cost	-	-	-	-	874	874
Net loss	-	-	-	-	(11,274)	(11,274)
Cash dividends paid (\$0.85 per share)	-	-	-	(48,634)	-	(48,634)
Common stock issued, long-term incentive plan	233,020	49	6,033	-	-	6,082
Common stock issued in business combination	3,302,959	688	103,124	-	-	103,812
Compensation expense, long-term incentive plan	-	-	3,004	-	-	3,004
Repurchase and retirement of common stock	(630,852)	(131)	(18,679)	-	-	(18,810)
Balance, December 31, 2006	58,676,586	12,226	158,856	740,870	(20,617)	891,335
Comprehensive income:						
Net income per consolidated statements of income	-	-	-	108,595	-	108,595
Other comprehensive income, net of tax:						
Net change in fair value of securities available for sale	-	-	-	-	6,327	6,327
Net change in pension and other postretirement benefit plans:						
Net prior service credit	-	-	-	-	(234)	(234)
Net gain	-	-	-	-	73	73
Comprehensive income						114,761
Cash dividends paid (\$0.89 per share)	-	-	-	(51,472)	-	(51,472)
Common stock issued, long-term incentive plan	17,575	4	445	-	-	449
Compensation expense, long-term incentive plan	-	-	3,422	-	-	3,422
Repurchase and retirement of common stock	(1,421,753)	(297)	(38,562)	-	-	(38,859)
Balance, December 31, 2007	<u>57,272,408</u>	<u>\$ 11,933</u>	<u>\$ 124,161</u>	<u>\$ 797,993</u>	<u>\$ (14,451)</u>	<u>\$ 919,636</u>

See notes to consolidated financial statements.

Trustmark Corporation
Consolidated Statements of Cash Flows
(\$ in thousands)

	Years Ended December 31,		
	2007	2006	2005
Operating Activities			
Net income	\$ 108,595	\$ 119,273	\$ 102,951
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	23,784	(5,938)	19,541
Depreciation and amortization	27,763	26,689	24,165
Net amortization of securities	1,552	4,537	6,860
Securities (gains) losses, net	(112)	(1,922)	3,644
Gains on sales of loans	(6,797)	(6,707)	(2,530)
Deferred income tax (benefit) provision	(5,826)	7,948	(6,126)
Proceeds from sales of loans held for sale	1,221,409	1,157,284	929,457
Purchases and originations of loans held for sale	(1,263,460)	(1,134,298)	(926,409)
Net increase in mortgage servicing rights	(16,723)	(16,678)	(14,383)
Net (increase) decrease in other assets	(36,990)	(12,861)	986
Net increase in other liabilities	10,524	13,366	16,986
Other operating activities, net	11,821	498	1,913
Net cash provided by operating activities	75,540	151,191	157,055
Investing Activities			
Proceeds from calls and maturities of securities held to maturity	17,212	12,037	16,211
Proceeds from calls and maturities of securities available for sale	373,532	306,896	287,048
Proceeds from sales of securities available for sale	62,170	94,650	269,986
Purchases of securities held to maturity	-	(12,246)	(178,890)
Purchases of securities available for sale	(111,069)	(77,777)	(59,605)
Net decrease (increase) in federal funds sold and securities purchased under reverse repurchase agreements	9,262	102,856	(43,924)
Net increase in loans	(492,532)	(192,126)	(573,854)
Purchases of premises and equipment	(29,784)	(22,514)	(12,150)
Proceeds from sales of premises and equipment	1,423	3,631	1,781
Proceeds from sales of other real estate	2,727	3,304	4,917
Net cash paid in business combinations	-	(78,920)	-
Net cash (used in) provided by investing activities	(167,059)	139,791	(288,480)
Financing Activities			
Net (decrease) increase in deposits	(106,892)	99,376	832,721
Net (decrease) increase in federal funds purchased and securities sold under repurchase agreements	(9,671)	42,104	(124,693)
Net increase (decrease) in short-term borrowings	198,864	(478,480)	(427,628)
Proceeds from issuance of subordinated notes	-	49,677	-
Proceeds from issuance of junior subordinated debt securities	-	61,856	-
Cash dividends	(51,472)	(48,634)	(45,758)
Proceeds from exercise of stock options	439	5,334	2,483
Excess tax benefit from exercise of stock options	10	748	-
Repurchase and retirement of common stock	(38,859)	(18,810)	(60,895)
Net cash (used in) provided by financing activities	(7,581)	(286,829)	176,230
(Decrease) increase in cash and cash equivalents	(99,100)	4,153	44,805
Cash and cash equivalents at beginning of year	392,083	387,930	343,125
Cash and cash equivalents at end of year	\$ 292,983	\$ 392,083	\$ 387,930

See notes to consolidated financial statements, specifically Note 1 - Statements of Cash Flows.

Note 1 – Significant Accounting Policies

Business

Trustmark Corporation (Trustmark) is a multi-bank holding company headquartered in Jackson, Mississippi. Through its subsidiaries, Trustmark operates as a financial services organization providing banking and financial solutions to corporate institutions and individual customers through over 150 offices in Florida, Mississippi, Tennessee and Texas.

Basis of Financial Statement Presentation

The consolidated financial statements include the accounts of Trustmark and all other entities in which Trustmark has a controlling financial interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles. The preparation of financial statements in conformity with these accounting principles requires Management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The allowance for loan losses, fair value accounting for assets and liabilities and contingent liabilities are determined utilizing material estimates that are particularly susceptible to change.

Correction of Accounting Error

The 2007 consolidated statements of income include a pretax benefit of \$2.6 million, which arose in prior years as a result of an under accrual of interest income related to loan fees as reflected in interest and fees on loans. In addition to this amount, a pretax benefit of \$593 thousand was incurred over the first three quarters of 2007. The total pretax benefit of \$3.2 million was corrected in the fourth quarter of 2007. Trustmark's Management as well as the Audit and Finance Committee of the Board of Directors have reviewed this accounting error utilizing Securities and Exchange Commission Staff Accounting Bulletins (SAB) Nos. 99 and 108 and believe the impact of correcting this error is not material to current or prior period consolidated financial statements.

Reclassifications

Certain items in prior period financial statements have been reclassified to conform to the current period presentation. For the periods presented, these reclassifications include Trustmark's investment in the stock of the Federal Reserve Bank (FRB) and Federal Home Loan Bank (FHLB) that have been reclassified from investment securities to other assets since these equity securities do not have a readily determinable fair value. Balances of FRB and FHLB stock as of December 31, 2006, were \$34.0 million. In addition, Trustmark has also reclassified its investment in Qualified Zone Academy Bonds (QZABs) from other assets into loans. QZABs are part of a federal initiative that provides funds on a limited basis to schools that meet very specific criteria for construction and modernization projects. Trustmark consistently reports investments of this nature as loans to states and political subdivisions. Balances of QZABs totaled \$21.3 million at December 31, 2006.

Securities

Securities are classified as either held to maturity, available for sale or trading. Securities are classified as held to maturity and carried at amortized cost when Management has the positive intent and the ability to hold them until maturity. Securities to be held for indefinite periods of time are classified as available for sale and carried at fair value, with the unrealized holding gains and losses reported as a component of other comprehensive income, net of tax. Securities available for sale are used as part of Trustmark's interest rate risk management strategy and may be sold in response to changes in interest rates, changes in prepayment rates and other factors. Securities held for resale in anticipation of short-term market movements are classified as trading and are carried at fair value, with changes in unrealized holding gains and losses included in other interest income. Management determines the appropriate classification of securities at time of purchase. Trustmark currently has no securities classified as trading.

The amortized cost of debt securities classified as securities held to maturity or securities available for sale is adjusted for amortization of premiums and accretion of discounts to maturity over the estimated life of the security using the interest method. In the case of mortgage related securities, premium and discount are amortized to yield using the retrospective yield method. Such amortization or accretion is included in interest on securities. Realized gains and losses are determined using the specific identification method and are included in noninterest income as securities gains (losses), net.

Trustmark reviews securities for impairment quarterly. In estimating other-than-temporary impairment losses, Management considers, among other things, the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer and the intent and ability of Trustmark to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans Held for Sale

Primarily, all mortgage loans purchased from wholesale customers or originated in Trustmark's Retail Banking Division are considered to be held for sale. In certain circumstances, Trustmark will retain a mortgage loan in its portfolio based on banking relationships or certain investment strategies. Mortgage loans held for sale in the secondary market that are hedged using fair value hedges are carried at estimated fair value on an aggregate basis. Substantially, all mortgage loans held for sale are hedged. These loans are primarily first-lien mortgage loans originated or purchased by Trustmark. Deferred loan fees and costs are reflected in the basis of loans held for sale and, as such, impact the resulting gain or loss when loans are sold. Adjustments to reflect fair value and realized gains and losses upon ultimate sale of the loans are recorded in noninterest income in mortgage banking, net.

Government National Mortgage Association (GNMA) optional repurchase programs allow financial institutions to buy back individual delinquent mortgage loans that meet certain criteria from the securitized loan pool for which the institution provides servicing. At the servicer's option and without GNMA's prior authorization, the servicer may repurchase such a delinquent loan for an amount equal to 100 percent of the remaining principal balance of the loan. Under Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities--a replacement of SFAS No. 125," this buy-back option is considered a conditional option until the delinquency criteria are met, at which time the option becomes unconditional. When Trustmark is deemed to have regained effective control over these loans under the unconditional buy-back option, the loans can no longer be reported as sold and must be brought back onto the balance sheet as loans held for sale, regardless of whether Trustmark intends to exercise the buy-back option. These loans are reported as held for sale in accordance with U.S. generally accepted accounting principles with the offsetting liability being reported as short-term borrowings. During the two years ended December 31, 2007, Trustmark has not exercised their buy-back option on any delinquent loans serviced for GNMA. GNMA loans eligible for repurchase totaled \$17.9 million at December 31, 2007, and \$13.5 million at December 31, 2006.

Loans

Loans are stated at the amount of unpaid principal, adjusted for the net amount of direct costs and nonrefundable loan fees associated with lending. The net amount of nonrefundable loan origination fees and direct costs associated with the lending process, including commitment fees, is deferred and accreted to interest income over the lives of the loans using a method that approximates the interest method. Interest on loans is accrued and recorded as interest income based on the outstanding principal balance.

A loan is classified as nonaccrual, and the accrual of interest on such loan is discontinued, when the contractual payment of principal or interest becomes 90 days past due or if Management has serious doubts about further collectibility of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and well secured. When a loan is placed on nonaccrual status, unpaid interest is reversed against interest income. Interest received on nonaccrual loans is applied against principal. Loans are restored to accrual status when the obligation is brought current or has performed in accordance with the contractual terms for a reasonable period of time and the ultimate collectibility of the total contractual principal and interest is no longer in doubt.

A loan is considered impaired when, based on current information and events, it is probable that Trustmark will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Loans classified as nonaccrual, excluding residential mortgages, consumer and other homogeneous loans, are considered impaired loans. Specific allowances for impaired loans are based on comparisons of the recorded carrying values of the loans to the present value of the estimated cash flows of these loans at each loan's original effective interest rate, the fair value of the collateral or the observable market prices of the loans. The policy for recognizing income on impaired loans is consistent with the nonaccrual policy.

Commercial purpose loans are charged-off when a determination is made that the loan is uncollectible and continuance as a bankable asset is not warranted. Consumer loans secured by residential real estate are generally charged-off or written down when the credit becomes severely delinquent and the balance exceeds the fair value of the property less costs to sell. Non-real estate consumer purpose loans, including both secured and unsecured, are generally charged-off in full no later than when the loan becomes 120 days past due. Credit card loans are generally charged-off in full when the loan becomes 180 days past due.

Allowance for Loan Losses

The allowance for loan losses is established through provisions for estimated loan losses charged against net income. Loans deemed to be uncollectible are charged against the allowance for loan losses, and subsequent recoveries, if any, are credited to the allowance. This evaluation is inherently subjective, as it requires material estimates, including the amounts and timings of future cash flows expected to be received, and valuation adjustments on impaired loans that may be susceptible to significant changes.

The allowance for loan losses is maintained at a level believed adequate by Management, based on estimated probable losses within the existing loan portfolio. Trustmark's allowance for probable loan loss methodology is based on guidance provided in SAB No. 102, "Selected Loan Loss Allowance Methodology and Documentation Issues," as well as on other regulatory guidance. Accordingly, Trustmark's methodology is based on historical loss experience by type of loan and internal risk ratings, homogeneous risk pools and specific loss allocations, with adjustments considering environmental factors such as current economic events, industry and geographical conditions and portfolio performance indicators. The provision for loan losses reflects loan quality trends, including the levels of and trends related to nonaccrual loans, past due loans, potential problem loans, criticized loans and net charge-offs or recoveries, among other factors, in compliance with the Interagency Policy Statement on the Allowance for Loan and Lease Losses published by the governmental regulating agencies for financial services companies. Based on recommendations from regulatory authorities, during the third quarter of 2007, Trustmark modified its methodology regarding industry concentrations for commercial loans. This modification lowered specific industry reserves by \$3.5 million, which were offset by increases in other quantitative and qualitative reserves for commercial loans. These increases were warranted by current economic conditions.

Premises and Equipment, Net

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is charged to expense over the estimated useful lives of the assets, which are up to thirty-nine years for buildings and three to seven years for furniture and equipment. Leasehold improvements are amortized over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter. In cases where Trustmark has the right to renew the lease for additional periods, the lease term for the purpose of calculating amortization of the capitalized cost of the leasehold improvements is extended when Trustmark is "reasonably assured" that it will renew the lease. Depreciation and amortization expenses are computed using the straight-line method. Trustmark continually evaluates whether events and circumstances have occurred that indicate that such long-lived assets have become impaired. Measurement of any impairment of such long-lived assets is based on the fair values of those assets. There were no impairment losses on premises and equipment recorded during 2007, 2006 or 2005.

Mortgage Servicing Rights

Mortgage servicing rights (MSR) are rights to service mortgage loans for others, whether the loans were acquired through purchase or loan origination. On March 17, 2006, the Financial Accounting Standards Board (FASB) released SFAS No. 156, "Accounting for Servicing Financial Assets, an amendment of SFAS No. 140." This statement amends SFAS No. 140 to require that all separately recognized servicing assets and liabilities be initially measured at fair value, if practicable. The initial recognition and measurement of servicing assets and servicing liabilities are required to be applied prospectively to transactions occurring after the effective date. During the first quarter of 2006, Trustmark elected to early adopt SFAS No. 156 and recorded all of its MSR at fair value effective January 1, 2006. Upon adoption, MSR were increased by \$1.4 million, while retained earnings were also increased by \$0.8 million, net of taxes. Also, a strategy was implemented which utilized a portfolio of derivative instruments, such as interest rate futures contracts and exchange-traded option contracts, to achieve a return that would substantially offset the changes in fair value of MSR attributable to interest rates. Changes in the fair value of these derivative instruments are recorded in noninterest income in mortgage banking, net and are offset by the changes in the fair value of MSR. Note 8 – Mortgage Banking, included in the accompanying Notes to Consolidated Financial Statements, provides further discussion on the accounting for Trustmark's MSR.

The fair value of MSR is determined using discounted cash flow techniques benchmarked against third-party opinions of value. Estimates of fair value involve several assumptions, including the key valuation assumptions about market expectations of future prepayment rates, interest rates and discount rates. At December 31, 2007, the valuation of MSR included an assumed average prepayment speed of 12.492 CPR and an average discount rate of 9.900%. Prepayment rates are projected using an industry standard prepayment model. The model considers other key factors, such as a wide range of standard industry assumptions tied to specific portfolio characteristics such as remittance cycles, escrow payment requirements, geographic factors, foreclosure loss exposure, VA no-bid exposure, delinquency rates and cost of servicing, including base cost and cost to service delinquent mortgages. Prevailing market conditions at the time of analysis are factored into the accumulation of assumptions and determination of servicing value.

Goodwill and Identifiable Intangible Assets

Goodwill, which represents the excess of cost over the fair value of the net assets of an acquired business, is not amortized but tested for impairment on an annual basis, or more often if events or circumstances indicate that there may be impairment.

Identifiable intangible assets are acquired assets that lack physical substance but can be distinguished from goodwill because of contractual or legal rights or because the assets are capable of being sold or exchanged either on their own or in combination with a related contract, asset or liability. Trustmark's identifiable intangible assets primarily relate to core deposits, insurance customer relationships and borrower relationships. These intangibles, which have definite useful lives, are amortized on an accelerated basis over their estimated useful lives. In addition, these intangibles are evaluated annually for impairment or whenever events and changes in circumstances indicate that the carrying amount should be reevaluated. Trustmark has also purchased banking charters in order to facilitate its entry into the states of Florida and Texas. These identifiable intangible assets are being amortized on a straight-line method over 20 years.

Other Real Estate Owned

Other real estate owned includes assets that have been acquired in satisfaction of debt through foreclosure. Other real estate owned is recorded at the lower of cost or estimated fair value less the estimated cost of disposition. Fair value is based on independent appraisals and other relevant factors. Valuation adjustments required at foreclosure are charged to the allowance for loan losses. Subsequent to foreclosure, losses on the periodic revaluation of the property are charged to net income as other expense. Costs of operating and maintaining the properties are included in other noninterest expenses, while gains (losses) on their disposition are charged to other income as incurred. Improvements made to properties are capitalized if the expenditures are expected to be recovered upon the sale of the properties. Other real estate owned is included in other assets in the consolidated balance sheets and totaled \$8.3 million and \$2.5 million at December 31, 2007 and 2006, respectively.

Federal Home Loan Bank and Federal Reserve Stock

Securities with limited marketability, such as stock in the FRB and the FHLB, are carried at cost and totaled \$38.4 million at December 31, 2007 and \$34.0 million at December 31, 2006. Trustmark's investment in FRB and FHLB stock is included in other assets because these equity securities do not have a readily determinable fair value which places them outside the scope of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

Insurance Commissions

Commission revenue is recognized as of the effective date of the insurance policy or the date the customer is billed, whichever is later. Trustmark also receives contingent commissions from insurance companies as additional incentive for achieving specified premium volume goals and/or the loss experience of the insurance placed by Trustmark. Contingent commissions from insurance companies are recognized when determinable, which is generally when such commissions are received or when Trustmark receives data from the insurance companies that allows the reasonable estimation of these amounts. Trustmark maintains a reserve for commission adjustments based on estimated policy cancellations. This reserve was not significant at December 31, 2007 or 2006.

Wealth Management

Assets under administration held by Trustmark in a fiduciary or agency capacity for customers are not included in the consolidated balance sheets. Investment management and trust income is recorded on the cash basis, which approximates the accrual method, in accordance with industry practice.

Derivative Financial Instruments

Trustmark maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings and cash flows caused by interest rate volatility. Trustmark's interest rate risk management strategy involves modifying the repricing characteristics of certain assets and liabilities so that changes in interest rates do not adversely affect the net interest margin and cash flows. Derivative instruments that Trustmark may use as part of its interest rate risk management strategy include interest rate swaps, interest rate floors, interest rate caps, forward contracts and both futures contracts and options on futures contracts. Interest rate swap contracts are exchanges of interest payments, such as fixed-rate payments for floating-rate payments, based on a common notional amount and maturity date. Forward contracts are contracts in which the buyer agrees to purchase and the seller agrees to make delivery of a specific financial instrument at a predetermined price or yield. Futures contracts represent the obligation to buy or sell a predetermined amount of debt subject to the contract's specific delivery requirements at a predetermined date and a predetermined price. Options on futures contracts represent the right but not the obligation to buy or sell. Freestanding derivatives also include derivative transactions entered into for risk management purposes that do not otherwise qualify for hedge accounting.

Under the guidelines of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, all derivative instruments are required to be recognized as either assets or liabilities and be carried at fair value on the balance sheet. On the date Trustmark enters into a derivative contract, the derivative is designated as either a fair value hedge, cash flow hedge or as a freestanding derivative instrument. For a fair value hedge, the ineffective portion of changes in the fair value of the derivative instrument and changes in the fair value of the hedged asset or liability are recorded in noninterest income. For a cash flow hedge, changes in the fair value of the derivative instrument, to the extent that it is effective, are recorded as a component of accumulated other comprehensive income within shareholders' equity and subsequently reclassified to net income in the same period that the hedged transaction impacts net income. Trustmark does not have any derivatives classified as cash flow hedges at December 31, 2007. For freestanding derivative instruments, changes in the fair values are reported in noninterest income.

Prior to entering a hedge transaction, Trustmark formally documents the relationship between the hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivative instruments that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific forecasted transactions along with formal assessments at both the inception of the hedge and on an ongoing basis as to the effectiveness of the derivative instrument in offsetting changes in fair values or cash flows of the hedged item. If it is determined that the derivative instrument is no longer highly effective as a hedge or if the hedge instrument is terminated, hedge accounting is discontinued, and the adjustment to fair value of the derivative instrument is recorded in net income.

Income Taxes

Trustmark accounts for deferred income taxes using the liability method. Deferred tax assets and liabilities are based on temporary differences between the financial statement carrying amounts and the tax basis of Trustmark's assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized or settled.

Stock-Based Compensation

Effective January 1, 2006, Trustmark adopted the provisions of SFAS No. 123R, "Share-Based Payment," a revision of SFAS No. 123, "Accounting for Stock-Based Compensation." This statement establishes fair value as the measurement objective in accounting for stock awards and requires the application of a fair value based measurement method in accounting for compensation cost, which is recognized over the requisite service period. Trustmark implemented the provisions of this statement using the modified prospective approach, which applies to new awards, as well as, any previously granted awards outstanding on January 1, 2006. Compensation cost for the portion of awards for which the requisite service had not been rendered as of the date of adoption, is being recognized over the remaining service period using the compensation cost calculated for pro forma disclosure purposes previously under SFAS No. 123. Prior period amounts have not been restated to reflect the impact of the adoption of SFAS No. 123R.

Prior to January 1, 2006, Trustmark adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" prospectively for all awards granted, modified or settled after January 1, 2003. Under the provisions of this statement, compensation expense was recognized over the vesting period for stock option awards and was estimated using the Black-Scholes option-pricing model, while compensation expense for restricted performance awards was recognized over the service period based on the fair value of the underlying common stock on the date of grant based on the number of restricted shares expected to vest.

Prior to January 1, 2003, Trustmark accounted for incentive stock option awards under the recognition and measurement provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." Under APB No. 25, because the exercise price of Trustmark's stock option awards equaled the market price for the underlying stock on the date of grant, no compensation expense was recognized. The following table reflects pro forma net income and earnings per share for the year ended December 31, 2005, had Trustmark elected to adopt the fair value approach for all outstanding stock option awards prior to January 1, 2003 (\$ in thousands except per share data):

	2005
Net income, as reported	\$ 102,951
Add: Total stock-based employee compensation expense included in reported net income, net of related tax effects	1,016
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,631)
Pro forma net income	<u>\$ 102,336</u>
Earnings per share:	
As reported	
Basic	\$ 1.82
Diluted	1.81
Pro forma	
Basic	\$ 1.81
Diluted	1.80

Statements of Cash Flows

During the quarter ended March 31, 2007, Trustmark identified an error in its statements of cash flows for prior periods. Trustmark improperly reported certain noncash transactions relating to GNMA mortgage loans eligible for repurchase in various components within the cash flow statements. These changes had no impact to the overall total of cash inflows and outflows within the cash flow statements. Trustmark used SAB 99 as its guide in evaluating the impact of this error. As a result of this evaluation, Trustmark concluded that the impact of the misstatement was not material to the Statements of Cash Flows or consolidated financial statements taken as a whole for the years ended December 31, 2006 and 2005. In addition, please see "Basis of Financial Statement Presentation" earlier in this note for certain reclassifications that have been made to the balance sheet and cash flow statements in order to conform to the current period presentation. The following table reflects these changes as adjustments in the cash flow statements for the years ended December 31, 2006 and 2005 (\$ in thousands):

	As Originally Reported	Adjustments	As Currently Reported
Year Ended December 31, 2006			
Net cash provided by operating activities	\$ 177,156	\$ (25,965)	\$ 151,191
Net cash provided by investing activities	161,370	(21,579)	139,791
Net cash used in financing activities	(334,373)	47,544	(286,829)
Increase in cash and cash equivalents	4,153	-	4,153
Cash and cash equivalents at beginning of year	387,930	-	387,930
Cash and cash equivalents at end of year	<u>\$ 392,083</u>	<u>\$ -</u>	<u>\$ 392,083</u>
Year Ended December 31, 2005			
Net cash provided by operating activities	\$ 84,710	\$ 72,345	\$ 157,055
Net cash used in investing activities	(216,135)	(72,345)	(288,480)
Net cash provided by financing activities	176,230	-	176,230
Increase in cash and cash equivalents	44,805	-	44,805
Cash and cash equivalents at beginning of year	343,125	-	343,125
Cash and cash equivalents at end of year	<u>\$ 387,930</u>	<u>\$ -</u>	<u>\$ 387,930</u>

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks. The following table reflects specific transaction amounts for the periods presented (\$ in thousands):

	Years Ended December 31,		
	2007	2006	2005
Income taxes paid	\$ 53,883	\$ 56,309	\$ 55,210
Interest expense paid on deposits and borrowings	243,562	196,080	129,984
Non-cash transfers from loans to foreclosed properties	8,387	1,969	2,938
Assets acquired in business combinations	-	647,550	-
Liabilities assumed in business combinations	-	606,696	-
Transfer of long-term FHLB advances to short-term	-	-	175,000

Per Share Data

Basic earnings per share (EPS) is computed by dividing net income by the weighted-average shares of common stock outstanding. Diluted EPS is computed by dividing net income by the weighted-average shares of common stock outstanding, adjusted for the effect of potentially dilutive stock awards outstanding during the period. Stock awards for 2007, 2006 and 2005 which were antidilutive totaled 546 thousand, 263 thousand and 344 thousand, respectively, and accordingly, were excluded in determining diluted earnings per share. The following table reflects weighted-average shares used to calculate basic and diluted EPS for the periods presented (in thousands):

	Years Ended December 31,		
	2007	2006	2005
Basic shares	57,709	56,632	56,610
Dilutive shares	77	465	133
Diluted shares	<u>57,786</u>	<u>57,097</u>	<u>56,743</u>

Recent Pronouncements

Accounting Standards Adopted in 2007

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Trustmark adopted FIN 48 on January 1, 2007, and, at the date of adoption, had unrecognized tax benefits of \$1.0 million. Trustmark did not record any cumulative effect adjustment to retained earnings as a result of the adoption of FIN 48. The entire \$1.0 million of unrecognized tax benefits would impact the effective income tax rate if recognized. Interest and penalties, if any, related to unrecognized tax benefits are recorded in income tax expense. As of December 31, 2007, Trustmark had \$78 thousand of accrued interest expense included in the \$1.0 million of unrecognized tax benefits. With limited exception, Trustmark is no longer subject to U.S. federal, state and local audits by tax authorities for 2002 and earlier tax years. As of December 31, 2007, there have been no material changes to the amount of unrecognized tax benefits. Trustmark does not anticipate a significant change to the total amount of unrecognized tax benefits within the next twelve months.

New Accounting Standards

Other new pronouncements issued but not effective until after December 31, 2007, are not expected to have a significant effect on Trustmark's balance sheets or results of operations, with the possible exception of the following:

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations." SFAS No. 141R will significantly change the accounting for business combinations. Under SFAS No. 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. The statement will also require all acquisition-related costs to be expensed as they are incurred. SFAS No. 141R is required to be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, with earlier adoption being prohibited.

In November 2007, the SEC issued SAB No. 109 (SAB 109), "Written Loan Commitments Recorded at Fair Value Through Earnings." SAB 109 rescinds SAB 105's prohibition on inclusion of expected net future cash flows related to loan servicing activities in the fair value measurement of a written loan commitment. SAB 109 also applies to any loan commitments for which fair value accounting is elected under SFAS No. 159. SAB 109 is effective prospectively for derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. SAB 109 is not expected to have a material impact on Trustmark's balance sheets or results of operations.

In June 2007, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards." EITF 06-11 states that an entity should recognize a realized tax benefit associated with dividends on nonvested equity shares, nonvested equity share units and outstanding equity share options charged to retained earnings as an increase in additional paid in capital. EITF 06-11 should be applied prospectively to income tax benefits of dividends on equity-classified share-based payment awards that are declared in fiscal years beginning after December 15, 2007. EITF 06-11 is not expected to have a material impact on Trustmark's balance sheets or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 allows entities the option to measure eligible financial instruments at fair value as of specified dates. Such election, which may be applied on an instrument-by-instrument basis, is typically irrevocable once elected. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007, and early application is allowed under certain circumstances. Management elected not to apply the fair value option to any of its assets or liabilities at January 1, 2008.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. Provisions of SFAS No. 157 must be applied prospectively as of the beginning of the first fiscal year in which the accounting standard is applied. The adoption of SFAS No. 157 did not have a material impact on Trustmark's balance sheets or results of operations.

Note 2 - Hurricane Katrina

During the third quarter of 2005, immediately following in the aftermath of Hurricane Katrina, Trustmark initiated a process to assess the storm's impact on its customers and on Trustmark's consolidated financial statements. At that time, Trustmark identified customers impacted by the storm in an effort to estimate the loss of collateral value and customer payment abilities. In accordance with SFAS No. 5, "Accounting for Contingencies," Trustmark determined, through reasonable estimates, that specific losses were probable and should be reflected in Trustmark's consolidated financial statements.

As a result of customer surveys, collateral inspections and review of risk characteristics, Trustmark increased its allowance for loan losses through provision for loan losses by \$9.8 million on a pretax basis during the third quarter of 2005. Specifically, \$3.5 million and \$1.5 million were allocated for losses due to collateral impairment on 1-4 family residential mortgages and consumer loans, respectively. General reserves of \$4.8 million for consumer and commercial loans were allocated for losses due to economic disruption caused by the storm. Trustmark's mortgage division's annual pretax income was additionally impacted by \$3.3 million during 2005, resulting from adjusted fair values on loans held for sale, increased prepayment speeds on mortgage servicing rights and waived ancillary fees in the impacted areas. In addition, Trustmark experienced lost revenues of \$2.7 million for 2005, resulting from customer assistance in retail account fees and incurred additional expenses of \$539 thousand for the year. In total, the impact of Hurricane Katrina decreased 2005 income before tax by \$16.3 million, or \$10.1 million after tax. This equated to a decrease in basic earnings per share of \$0.18.

Since 2005, Trustmark has continually reevaluated its estimates for probable losses resulting from Hurricane Katrina. Accordingly, during 2006, Trustmark released allowance for loan losses and recovered mortgage related charges specifically associated with Hurricane Katrina accruals totaling \$9.2 million, resulting in an increase to Trustmark's net income of \$5.7 million, or \$0.10 per share. During 2007, Trustmark reduced its allowance for loan losses by \$0.6 million and other reserves by \$0.4 million on a pretax basis resulting in an increase to Trustmark's net income of \$0.7 million, or \$0.01 per share.

At December 31, 2007, the allowance for loan losses included \$594 thousand related to possible Hurricane Katrina losses. Management's estimates, assumptions and judgments are based on information available as of the date of the consolidated financial statements; accordingly, as the information changes, actual results could differ from these estimates.

Note 3 – Business Combinations

On August 25, 2006, Trustmark completed its merger with Houston-based Republic Bancshares of Texas, Inc., (Republic) in a business combination accounted for by the purchase method of accounting. Trustmark purchased all the outstanding common and preferred shares of Republic for approximately \$205.3 million. The purchase price includes approximately 3.3 million in common shares of Trustmark valued at \$103.8 million, \$100.0 million in cash and \$1.5 million in acquisition-related costs. The purchase price allocations were finalized during 2007 and included adjustments related to various acquisition related expenses and finalization of Republic's short-period income tax return. At August 25, 2006, Republic had assets consisting of \$21.1 million in cash and due from banks, \$64.5 million in federal funds sold, \$76.5 million in securities, \$458.0 million in loans, \$9.0 million in premises and equipment and \$19.2 million in other assets, as well as deposits of \$593.3 million and borrowings and other liabilities of \$14.2 million. These assets and liabilities have been recorded at estimated fair value based on market conditions and risk characteristics at the acquisition date. Excess costs over tangible net assets acquired totaled \$173.8 million, of which \$19.3 million has been allocated to core deposits, \$690 thousand to borrower relationships and \$153.8 million to goodwill.

Trustmark's financial statements include the results of operations for the above purchase business combination from the merger date. The pro forma impact of this acquisition on Trustmark's results of operations was immaterial.

Note 4 – Cash and Due from Banks

Trustmark is required to maintain average reserve balances with the Federal Reserve Bank based on a percentage of deposits. The average amounts of those reserves for the years ended December 31, 2007 and 2006, were \$2.3 million and \$3.3 million, respectively.

Note 5 - Securities Available for Sale and Held to Maturity

A summary of the amortized cost and estimated fair value of securities available for sale and held to maturity at December 31, 2007 and 2006, follows (\$ in thousands):

	Securities Available for Sale				Securities Held to Maturity			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
2007								
U.S. Treasury and other U.S. Government agencies	\$ 8,005	\$ 18	\$ -	\$ 8,023	\$ -	\$ -	\$ -	\$ -
Obligations of states and political subdivisions	45,704	363	(48)	46,019	114,497	2,633	(263)	116,867
Mortgage-backed securities	318,815	723	(1,771)	317,767	160,473	132	(971)	159,634
Corporate debt	70,971	62	(497)	70,536	-	-	-	-
Other securities	-	-	-	-	126	4	-	130
Total	\$ 443,495	\$ 1,166	\$ (2,316)	\$ 442,345	\$ 275,096	\$ 2,769	\$ (1,234)	\$ 276,631
2006								
U.S. Treasury and other U.S. Government agencies	\$ 11,444	\$ 3	\$ -	\$ 11,447	\$ -	\$ -	\$ -	\$ -
Obligations of states and political subdivisions	56,839	624	(238)	57,225	129,879	3,196	(545)	132,530
Mortgage-backed securities	607,651	468	(10,027)	598,092	162,245	1	(3,994)	158,252
Corporate debt	93,735	-	(2,227)	91,508	-	-	-	-
Other securities	-	-	-	-	119	4	-	123
Total	\$ 769,669	\$ 1,095	\$ (12,492)	\$ 758,272	\$ 292,243	\$ 3,201	\$ (4,539)	\$ 290,905

Temporarily Impaired Securities

The primary components that determine a security's fair value are its coupon rate, maturity and credit characteristics. When the fair value of a security falls below amortized cost it becomes temporarily impaired with an unrealized loss. The table below includes securities with unrealized losses at December 31, 2007, and December 31, 2006, respectively, segregated by length of impairment (\$ in thousands):

	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
2007						
U.S. Treasury and other U.S. Government agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Obligations of states and political subdivisions	206	1	21,629	310	21,835	311
Mortgage-backed securities	-	-	403,990	2,742	403,990	2,742
Corporate debt	-	-	58,103	497	58,103	497
Other securities	-	-	-	-	-	-
Total	\$ 206	\$ 1	\$ 483,722	\$ 3,549	\$ 483,928	\$ 3,550
2006						
U.S. Treasury and other U.S. Government agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Obligations of states and political subdivisions	3,660	113	32,246	670	35,906	783
Mortgage-backed securities	1,002	10	738,968	14,011	739,970	14,021
Corporate debt	-	-	91,508	2,227	91,508	2,227
Other securities	-	-	-	-	-	-
Total	\$ 4,662	\$ 123	\$ 862,722	\$ 16,908	\$ 867,384	\$ 17,031

The unrealized losses shown above are primarily due to increases in market interest rates over the yields available at the time of purchase of the underlying securities. The fair value is expected to recover as the bonds approach their maturity date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. In addition, Management has the ability and intent to hold the securities for a period of time sufficient for a recovery of costs. Accordingly, as of December 31, 2007, Management believes the impairment detailed in the table above is temporary, and consequently, no impairment loss has been realized.

Security Gains and Losses

Gross gains as a result of calls and dispositions of securities available for sale were \$23 thousand in 2007, \$1.9 million in 2006 and \$781 thousand in 2005. During 2007, gross losses on calls and dispositions of these securities were \$4 thousand, while there were \$43 thousand in 2006 and \$4.4 million realized in 2005. During 2007, 2006 and 2005, there were no sales of securities held to maturity. Gross gains of \$93 thousand were realized in 2007, while gross gains of \$24 thousand and \$2 thousand were realized in 2006 and 2005, respectively, on calls of securities held to maturity.



Securities Pledged

Securities with a carrying value of \$0.6 billion and \$0.8 billion at December 31, 2007 and 2006, respectively, were pledged to collateralize public deposits and securities sold under agreements to repurchase and for other purposes as required or permitted by law.

Contractual Maturities

The amortized cost and estimated fair value of securities available for sale and held to maturity at December 31, 2007, by contractual maturity, are shown below (\$ in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale		Securities Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 56,046	\$ 56,025	\$ 16,925	\$ 17,066
Due after one year through five years	57,095	56,797	36,727	37,511
Due after five years through ten years	10,285	10,453	51,609	53,151
Due after ten years	1,254	1,303	9,362	9,269
	124,680	124,578	114,623	116,997
Mortgage-backed securities	318,815	317,767	160,473	159,634
Total	\$ 443,495	\$ 442,345	\$ 275,096	\$ 276,631

Note 6 - Loans and Allowance for Loan Losses

At December 31, 2007 and 2006, loans consisted of the following (\$ in thousands):

	<u>2007</u>	<u>2006</u>
Real estate loans:		
Construction, development and other land loans	\$ 1,194,940	\$ 896,254
Secured by 1- 4 family residential properties	1,694,757	1,842,886
Secured by nonfarm, nonresidential properties	1,325,379	1,326,658
Other	167,610	148,921
Loans to finance agricultural production and other loans to farmers	23,692	23,938
Commercial and industrial loans	1,283,014	1,106,460
Consumer loans	1,087,337	934,261
Obligations of states and political subdivisions	228,330	233,666
Other loans	<u>35,733</u>	<u>50,109</u>
Loans	7,040,792	6,563,153
Less allowance for loan losses	<u>79,851</u>	<u>72,098</u>
Net loans	<u>\$ 6,960,941</u>	<u>\$ 6,491,055</u>

Trustmark does not have any loan concentrations other than those reflected in the preceding table, which exceed 10% of total loans. At December 31, 2007, Trustmark's geographic loan distribution was concentrated primarily in its Florida, Mississippi, Tennessee and Texas markets.

Changes in the allowance for loan losses were as follows (\$ in thousands):

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Balance at January 1	\$ 72,098	\$ 76,691	\$ 64,757
Provision charged to expense	23,784	(5,938)	19,541
Loans charged off	(26,790)	(14,938)	(16,822)
Recoveries	10,759	10,966	9,215
Net charge-offs	(16,031)	(3,972)	(7,607)
Allowance of acquired bank	-	5,317	-
Balance at December 31	<u>\$ 79,851</u>	<u>\$ 72,098</u>	<u>\$ 76,691</u>

At December 31, 2007 and 2006, the carrying amounts of nonaccrual loans were \$65.2 million and \$36.4 million, respectively. Included in these nonaccrual loans at December 31, 2007 and 2006, are loans that are considered to be impaired, which totaled \$56.7 million and \$32.1 million, respectively. At December 31, 2007, the total allowance for loan losses related to impaired loans was \$11.3 million compared with \$7.0 million at December 31, 2006. The average carrying amounts of impaired loans during 2007, 2006 and 2005 were \$32.1 million, \$23.4 million and \$23.6 million, respectively. Any amounts of interest income on these loans included in net income or that would have been recorded on nonaccrual loans if those loans had been current in accordance with their original terms are considered immaterial for each of the years in the three-year period ended December 31, 2007. Accruing loans past due 90 days or more totaled \$16.7 million and \$11.5 million at December 31, 2007, and December 31, 2006, respectively. Included in these amounts are \$11.8 million and \$8.5 million, respectively, of serviced loans eligible for repurchase which are fully guaranteed by GNMA.

Trustmark makes loans in the normal course of business to certain executive officers and directors, including their immediate families and companies in which they are principal owners. Such loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than the normal risk of collectability at the time of the transaction. At December 31, 2007 and 2006, total loans to these borrowers were \$131.1 million and \$81.1 million, respectively. During 2007, \$1.0 billion of new loan advances were made, while repayments were \$990.0 million, as well as increases from changes in executive officers and directors of \$38.9 million.

Note 7 - Premises and Equipment, Net

At December 31, 2007 and 2006, premises and equipment are summarized as follows (\$ in thousands):

	<u>2007</u>	<u>2006</u>
Land	\$ 39,822	\$ 34,342
Buildings and leasehold improvements	144,558	133,477
Furniture and equipment	<u>131,877</u>	<u>125,781</u>
Total cost of premises and equipment	316,257	293,600
Less accumulated depreciation and amortization	<u>164,577</u>	<u>159,228</u>
Premises and equipment, net	<u><u>\$ 151,680</u></u>	<u><u>\$ 134,372</u></u>

Note 8 - Mortgage Banking

Mortgage Servicing Rights

The activity in MSR is detailed in the table below (\$ in thousands):

	2007	2006
Balance at beginning of period	\$ 69,272	\$ 58,424
Cumulative-effect adjustment - change in accounting for MSR	-	1,373
Additions:		
Origination of servicing assets	18,880	19,233
Disposals	(2,157)	(2,556)
Change in fair value:		
Due to market changes	(9,460)	3,122
Due to runoff	(9,343)	(9,858)
Due to other	-	(466)
Balance at end of period	<u>\$ 67,192</u>	<u>\$ 69,272</u>

In the determination of the fair value of MSR at the date of securitization, certain key economic assumptions are made. At December 31, 2007, the fair value of MSR was based on discount rates ranging from 9% to 15%, prepayment rates ranging from 9 to 49 CPR and weighted-average lives ranging from 1 to 8 years.

Mortgage Loans Sold

During 2007 and 2006, Trustmark sold \$1.2 billion of residential mortgage loans in securitization transactions. Pretax gains on these sales were recorded in mortgage banking noninterest income and totaled \$5.4 million in 2007, \$4.6 million in 2006 and \$2.0 million in 2005. Trustmark receives annual servicing fee income approximating 0.33% of the outstanding balance of the underlying loans. Trustmark's total mortgage loans serviced for others totaled \$4.6 billion at December 31, 2007 compared with \$4.1 billion at December 31, 2006. The investors and the securitization trusts have no recourse to the assets of Trustmark for failure of debtors to pay when due.

Note 9 - Goodwill and Identifiable Intangible Assets

Goodwill

The changes in the carrying amount of goodwill by segment for the years ended December 31, 2007, 2006 and 2005, are as follows (\$ in thousands):

	General Banking	Insurance	Total
Balance as of January 1, 2005	\$ 92,740	\$ 44,485	\$ 137,225
Purchase accounting adjustments	187	(44)	143
Balance as of December 31, 2005	92,927	44,441	137,368
Additions from business combination	152,995	-	152,995
Balance as of December 31, 2006	245,922	44,441	290,363
Purchase accounting adjustments	814	-	814
Balance as of December 31, 2007	<u>\$ 246,736</u>	<u>\$ 44,441</u>	<u>\$ 291,177</u>

Trustmark's general banking segment delivers a full range of banking services to consumer, corporate, small and middle-market businesses through its extensive branch network. The insurance segment includes Trustmark National Bank's (TNB) wholly-owned retail insurance subsidiaries that offer a diverse mix of insurance products and services. Trustmark performed an impairment test of goodwill during 2007, 2006 and 2005, which indicated that no impairment charge was required. At December 31, 2007, Trustmark performed an additional impairment analysis due to recent changes in market conditions for the financial services industry and also concluded that no impairment charge was required.

Identifiable Intangible Assets

At December 31, 2007 and 2006, identifiable intangible assets consisted of the following (\$ in thousands):

	2007			2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Core deposit intangibles	\$ 44,408	\$ 25,437	\$ 18,971	\$ 44,408	\$ 21,869	\$ 22,539
Insurance intangibles	11,693	4,212	7,481	11,693	3,051	8,642
Banking charters	1,325	281	1,044	1,325	215	1,110
Borrower relationship intangible	690	84	606	690	21	669
Total	<u>\$ 58,116</u>	<u>\$ 30,014</u>	<u>\$ 28,102</u>	<u>\$ 58,116</u>	<u>\$ 25,156</u>	<u>\$ 32,960</u>

During 2006, Trustmark adopted SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" and SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." The adoption of SFAS No. 158 resulted in the elimination of the supplemental retirement plan intangible of \$1.98 million. Prior to the adoption of SAB No. 108, core deposit intangibles had primarily been amortized on a straight-line basis over 15 years. With the adoption of SAB No. 108, core deposit intangibles are now being amortized using an accelerated method over a weighted-average life of 11.3 years. This change resulted in a decrease in core deposit intangibles of \$9.2 million during 2006. As a result of the acquisition of Republic Bancshares of Texas, Inc., Trustmark added \$19.3 million of core deposit intangibles and \$690 thousand of borrower relationship intangibles during the third quarter of 2006 with a weighted-average amortization period of 13 years and 11 years, respectively.

In 2007, 2006 and 2005, Trustmark recorded \$4.9 million, \$3.9 million and \$3.1 million, respectively, of amortization of identifiable intangible assets. Trustmark estimates that amortization expense for identifiable intangible assets will be \$4.3 million in 2008, \$3.9 million in 2009, \$3.4 million in 2010, \$3.0 million in 2011 and \$2.6 million in 2012. Fully amortized intangibles are excluded from the table above.

The following table illustrates the carrying amounts and weighted-average amortization periods of identifiable intangible assets (\$ in thousands):

	2007	
	Net Carrying Amount	Weighted- Average Amortization Period in Years
Core deposit intangibles	\$ 18,971	11.3
Insurance intangibles	7,481	15.0
Banking charters	1,044	20.0
Borrower relationship intangible	606	11.0
Total	<u>\$ 28,102</u>	<u>12.2</u>



Note 10 - Deposits

At December 31, 2007 and 2006, deposits consisted of the following (\$ in thousands):

	2007	2006
Noninterest-bearing demand deposits	\$ 1,477,171	\$ 1,574,769
Interest-bearing demand	1,210,817	1,139,238
Savings	1,577,198	1,664,804
Time	2,604,086	2,597,353
Total	<u>\$ 6,869,272</u>	<u>\$ 6,976,164</u>

At December 31, 2007 and 2006, time deposits of \$100,000 or more totaled \$1.029 billion and \$953.9 million, respectively.

The maturities of interest-bearing deposits at December 31, 2007, are as follows (\$ in thousands):

2008	\$ 2,237,610
2009	302,176
2010	31,622
2011	13,250
2012 and thereafter	<u>19,428</u>
Total time deposits	2,604,086
Interest-bearing deposits with no stated maturity	<u>2,788,015</u>
Total interest-bearing deposits	<u>\$ 5,392,101</u>

Note 11 - Borrowings

Short-Term Borrowings

At December 31, 2007 and 2006, short-term borrowings consisted of the following (\$ in thousands):

	2007	2006
FHLB advances	\$ 375,000	\$ 202,500
Serviced GNMA loans eligible for repurchase	17,886	13,463
Treasury tax and loan note option account	50,000	19,613
Line of credit payable	7,000	11,000
Other	24,468	24,491
Total	<u>\$ 474,354</u>	<u>\$ 271,067</u>

Trustmark has received advances from the FHLB, which are classified as short-term and are collateralized by a blanket lien on Trustmark's single-family, multi-family, home equity and commercial mortgage loans. These advances have a weighted-average remaining maturity of 1.6 months with a weighted-average cost of 4.49%. All advances have fixed rates and range from \$25.0 million to \$75.0 million with interest rates ranging from 4.30% to 4.75%. Interest expense on short-term FHLB advances totaled \$9.6 million in 2007, \$16.2 million in 2006 and \$22.4 million in 2005. At December 31, 2007, Trustmark had \$0.9 billion available in unused FHLB advances.

The treasury tax and loan note option account, which must have a pledge of acceptable collateral as required by the Department of the Treasury, is an open-ended, interest-bearing note maintained at the Federal Reserve Bank. Currently, the rate of interest charged is 25 basis points lower than the weekly Federal Funds rate.

In September 2006, Trustmark renewed a two-year revolving credit arrangement enabling borrowings up to \$50.0 million. During the first quarter of 2007, Trustmark paid off the balance of \$11.0 million that had been outstanding since 2005, borrowed \$17.0 million during the second quarter to fund its common stock repurchase program and repaid \$10.0 million of that amount during the third quarter. Trustmark pays interest on each draw at the one-month LIBOR rate plus 0.55%. The weighted-average interest rate for these borrowings during 2007 equaled 5.80%. At December 31, 2007, Trustmark had an outstanding balance on this credit arrangement of \$7.0 million with an interest rate of 5.80%. At December 31, 2007, Trustmark was in compliance with all financial covenants except for the allowance for loan losses to nonperforming assets ratio, which was below the required amount by less than 2.5%. On January 17, 2008, the lender provided a waiver to Trustmark with regard to the covenant violation for any period ended prior to March 31, 2008. Management expects to modify the financial covenants during the first quarter of 2008.

Subordinated Notes Payable

On December 13, 2006, TNB issued \$50.0 million aggregate principal amount of Subordinated Notes (the Notes) due December 15, 2016. At December 31, 2007, the carrying amount of the Notes was \$49.7 million. The Notes have not been, and are not required to be, registered with the Securities and Exchange Commission under the Securities Act of 1933 (Securities Act), as amended. The Notes were sold pursuant to the terms of regulations issued by the Office of the Comptroller of the Currency (OCC) and in reliance upon an exemption provided by the Securities Act. The Notes bear interest at the rate of 5.673% per annum from December 13, 2006, until the principal of the Notes has been paid in full. Interest on the Notes is payable semi-annually in arrears on June 15 and December 15 of each year, commencing June 15, 2007, and through the date of maturity. The Notes are unsecured and subordinate and junior in right of payment to TNB's obligations to its depositors, its obligations under bankers' acceptances and letters of credit, its obligations to any Federal Reserve Bank or the FDIC and its obligations to its other creditors, and to any rights acquired by the FDIC as a result of loans made by the FDIC to TNB. The Notes, which are not redeemable prior to maturity, qualify as Tier 2 capital for both TNB and Trustmark. Proceeds from the sale of the Notes were used for general corporate purposes.

Junior Subordinated Debt Securities

On August 18, 2006, Trustmark completed a private placement of \$60.0 million of trust preferred securities through a newly formed Delaware trust affiliate, Trustmark Preferred Capital Trust I, (the Trust). The trust preferred securities mature September 30, 2036, are redeemable at Trustmark's option beginning after five years and bear interest at a variable rate per annum equal to the three-month LIBOR plus 1.72%. Under applicable regulatory guidelines, these trust preferred securities qualify as Tier 1 capital.

The proceeds from the sale of the trust preferred securities were used by the Trust to purchase \$61.856 million in aggregate principal amount of Trustmark's junior subordinated debentures. The net proceeds to Trustmark from the sale of the Notes to the Trust were used to finance its merger with Republic Bancshares of Texas, Inc.

The debentures were issued pursuant to a Junior Subordinated Indenture, dated August 18, 2006, between Trustmark, as issuer, and Wilmington Trust Company, as trustee. Like the trust preferred securities, the debentures bear interest at a variable rate per annum equal to the three-month LIBOR plus 1.72% and mature on September 30, 2036. The debentures may be redeemed at Trustmark's option at anytime on or after September 30, 2011 or at anytime upon certain events, such as a change in the regulatory capital treatment of the debentures, the Trust being deemed an investment company or the occurrence of certain adverse tax events. The interest payments by Trustmark will be used to pay the quarterly distributions payable by the Trust to the holder of the trust preferred securities. However, so long as no event of default has occurred under the debentures, Trustmark may defer interest payments on the debentures (in which case the Trust will also defer distributions otherwise due on the trust preferred securities) for up to 20 consecutive quarters.

The debentures are subordinated to the prior payment of any other indebtedness of Trustmark that, by its terms, is not similarly subordinated. The trust preferred securities are recorded as a long-term liability on Trustmark's balance sheet; however, for regulatory purposes the trust preferred securities are treated as Tier 1 capital under rulings of the Federal Reserve Board, Trustmark's primary federal regulatory agency.

Trustmark also entered into a Guarantee Agreement, dated August 18, 2006, pursuant to which it has agreed to guarantee the payment by the Trust of distributions on the trust preferred securities and the payment of principal of the trust preferred securities when due, either at maturity or on redemption, but only if and to the extent that the Trust fails to pay distributions on or principal of the trust preferred securities after having received interest payments or principal payments on the Notes from Trustmark for the purpose of paying those distributions or the principal amount of the trust preferred securities.

In addition, pursuant to the acquisition of Republic Bancshares of Texas, Inc., on August 25, 2006, Trustmark assumed the liability for \$8.248 million in junior subordinated debt securities issued to Republic Bancshares Capital Trust I (Republic Trust), also a Delaware trust. Republic Trust used the proceeds from the issuance of \$8.0 million in trust preferred securities to acquire the junior subordinated debt securities. Both the trust preferred securities and the junior subordinated debt securities mature on January 7, 2033, and were callable at the option of Trustmark, in whole or in part, on January 7, 2008. Both the trust preferred securities and junior subordinated debt securities bear interest at a variable rate per annum equal to the three-month LIBOR plus 3.35%. Under applicable regulatory guidelines, these trust preferred securities qualify as Tier 1 capital.

As defined in applicable accounting standards, both Trustmark Preferred Capital Trust I and Republic Bancshares Capital Trust I, wholly-owned subsidiaries of Trustmark, are considered variable interest entities for which Trustmark is not the primary beneficiary. Accordingly, the accounts of both trusts are not included in Trustmark's consolidated financial statements.

At December 31, 2007, and December 31, 2006, total combined assets for the Trust and Republic Trust totaled \$70.1 million resulting from their investment in subordinated debentures issued by Trustmark. Combined liabilities and shareholder's equity also totaled \$70.1 million, resulting from the issuance of trust preferred securities in the amount of \$68.0 million, as well as \$2.1 million in common securities issued to Trustmark. During 2007, combined net income equaled \$155.9 thousand resulting from interest income from junior subordinated debt securities issued by Trustmark to the Trust and Republic Trust compared with \$60.0 thousand during 2006. Dividends issued to Trustmark during 2007 totaled \$155.9 thousand compared to \$60.0 thousand during 2006.

Note 12 - Income Taxes

The income tax provision included in the statements of income is as follows (\$ in thousands):

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<i>Current</i>			
Federal	\$ 51,729	\$ 46,503	\$ 52,142
State	8,499	7,433	7,764
<i>Deferred</i>			
Federal	(5,067)	6,919	(5,309)
State	(759)	1,029	(817)
Income tax provision	<u>\$ 54,402</u>	<u>\$ 61,884</u>	<u>\$ 53,780</u>

The income tax provision differs from the amount computed by applying the statutory federal income tax rate of 35% to income before income taxes as a result of the following (\$ in thousands):

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Income tax computed at statutory tax rate	\$ 57,049	\$ 63,405	\$ 54,856
Tax exempt interest	(5,027)	(5,272)	(5,118)
Nondeductible interest expense	679	552	371
State income taxes, net	5,031	5,500	4,515
Income tax credits	(2,185)	(1,847)	(1,679)
Other	(1,145)	(454)	835
Income tax provision	<u>\$ 54,402</u>	<u>\$ 61,884</u>	<u>\$ 53,780</u>

Temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities gave rise to the following net deferred tax assets at December 31, 2007 and 2006, which are included in other assets (\$ in thousands):

	<u>2007</u>	<u>2006</u>
<i>Deferred tax assets</i>		
Allowance for loan losses	\$ 30,543	\$ 27,376
Pension and other postretirement benefits plans	16,024	14,274
Unrealized losses on securities available for sale	440	4,359
Deferred compensation	4,604	4,098
Stock-based compensation	3,416	2,126
Other	6,236	5,840
Gross deferred tax asset	<u>61,263</u>	<u>58,073</u>
<i>Deferred tax liabilities</i>		
Goodwill and other identifiable intangibles	15,279	15,536
Mortgage servicing rights	8,431	9,496
Premises and equipment	10,730	8,815
Securities	4,956	4,693
Other	2,412	2,192
Gross deferred tax liability	<u>41,808</u>	<u>40,732</u>
Net deferred tax asset	<u>\$ 19,455</u>	<u>\$ 17,341</u>

Trustmark has evaluated the need for a valuation allowance and, based on the weight of the available evidence, has determined that it is more likely than not that all deferred tax assets will be realized.

The following table provides a summary of the changes during the 2007 calendar year in the amount of unrecognized tax benefits that are included in income taxes payable on the consolidated balance sheet (\$ in thousands):

Balance at January 1, 2007	\$	1,032
Increases due to tax positions taken during the current year		279
Decreases due to tax positions taken during a prior year		(43)
Decreases due to settlements with taxing authorities during the current year		-
Decreases due to the lapse of applicable statute of limitations during the current year		<u>(254)</u>
Balance at December 31, 2007	\$	<u>1,014</u>

Note 13 - Pension and Other Postretirement Benefits**Pension Plan**

Trustmark maintains a noncontributory defined benefit pension plan (Trustmark Capital Accumulation Plan) which covers substantially all associates employed prior to January 1, 2007. The plan provides retirement benefits that are based on the length of credited service and final average compensation, as defined in the plan and vest upon five years of service.

In December 2006, Trustmark adopted the provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" and elected to move its measurement date for the plan to December 31 from October 31. The following tables present information regarding the plan's benefit obligation, plan assets, funded status of the plan, amounts recognized in accumulated other comprehensive loss, net periodic benefit cost and other statistical disclosures (\$ in thousands):

	December 31,	
	2007	2006
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 82,340	\$ 80,072
Service cost	1,306	2,404
Interest cost	4,697	4,432
Actuarial loss	1,981	2,519
Benefits paid	(5,456)	(5,776)
Prior service cost due to amendment	-	(1,311)
Benefit obligation, end of year	<u>\$ 84,868</u>	<u>\$ 82,340</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 77,868	\$ 72,436
Actual return on plan assets	6,990	11,208
Employer contributions	-	-
Benefit payments	(5,456)	(5,776)
Fair value of plan assets, end of year	<u>\$ 79,402</u>	<u>\$ 77,868</u>
Funded status at end of year - net liability	<u>\$ (5,466)</u>	<u>\$ (4,472)</u>
Amounts recognized in accumulated other comprehensive loss		
Net loss	\$ 16,936	\$ 18,909
Prior service credits	(2,747)	(3,257)
Amounts recognized	<u>\$ 14,189</u>	<u>\$ 15,652</u>

	Years Ended December 31,		
	2007	2006	2005
Net periodic benefit cost			
Service cost	\$ 1,306	\$ 2,404	\$ 2,179
Interest cost	4,697	4,432	4,269
Expected return on plan assets	(5,290)	(5,238)	(5,407)
Amortization of prior service cost	(510)	(376)	(89)
Recognized net actuarial loss	2,254	2,461	1,917
Net periodic benefit cost	<u>\$ 2,457</u>	<u>\$ 3,683</u>	<u>\$ 2,869</u>
Other changes in plan assets and benefit obligations recognized in other comprehensive income, before taxes			
Net (gain) loss	\$ (1,973)	\$ 18,909	\$ -
Prior service cost	-	(3,257)	-
Amortization of prior service cost	510	-	-
Total recognized in other comprehensive income	<u>\$ (1,463)</u>	<u>\$ 15,652</u>	<u>\$ -</u>
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ 994</u>	<u>\$ 19,335</u>	<u>\$ 2,869</u>
Weighted-average assumptions as of end of year			
Discount rate for benefit obligations	6.00%	6.00%	5.75%
Discount rate for net periodic benefit cost	6.00%	5.75%	6.00%
Expected long-term return on plan assets	8.00%	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%	4.00%

Plan Assets

Trustmark's pension plan weighted-average asset allocations at December 31, 2007 and 2006, by asset category are as follows:

	2007	2006
Cash and cash equivalents	2.0%	3.6%
Fixed income securities	14.9%	16.8%
Equity mutual funds	75.5%	72.8%
Fixed income hedge fund	7.6%	6.8%
Total	100.0%	100.0%

The strategic objective of the plan focuses on capital growth with moderate income. The plan is managed on a total return basis with the return objective set as a reasonable actuarial rate of return on plan assets net of investment management fees. Moderate risk is assumed given the average age of plan participants and the need to meet the required rate of return. Equity and fixed income securities are utilized to allow for capital appreciation while fully diversifying the portfolio with more conservative fixed income investments. The target asset allocation range for the portfolio is 0-10% Cash and Cash Equivalents, 10-30% Fixed Income, 30-55% Domestic Equity, 10-30% International Equity and 0-20% Other Investments. Changes in allocations are a result of tactical asset allocation decisions and fall within the aforementioned percentage range for each major asset class.

Trustmark selects the expected long-term rate-of-return-on-assets assumption in consultation with its investment advisors and actuary. This rate is intended to reflect the average rate of earnings expected to be earned on the funds invested or to be invested to provide plan benefits. Historical performance is reviewed, especially with respect to real rates of return (net of inflation), for the major asset classes held or anticipated to be held by the trust and for the trust itself. Undue weight is not given to recent experience that may not continue over the measurement period, with higher significance placed on current forecasts of future long-term economic conditions.

Because assets are held in a qualified trust, anticipated returns are not reduced for taxes. Further, solely for this purpose, the plan is assumed to continue in force and not terminate during the period in which assets are invested. However, consideration is given to the potential impact of current and future investment policy, cash flow into and out of the trust and expenses (both investment and non-investment) typically paid from plan assets (to the extent such expenses are not explicitly estimated within periodic cost).

Contributions

The acceptable range of contributions to the plan is determined each year by the plan's actuary. Trustmark's policy is to fund amounts allowable for federal income tax purposes. In 2008, Trustmark's minimum required contribution is expected to be zero. The actual amount of the contribution will be determined based on the plan's funded status and return on plan assets as of the measurement date, which was December 31st in 2007 and 2006.

Estimated Future Pension Benefit Payments and Other Disclosures

The following pension plan benefit payments, which reflect expected future service, are expected to be paid (\$ in thousands):

2008	\$	8,666
2009		7,784
2010		7,713
2011		7,940
2012		8,334
2013 - 2017		36,366

Amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2008 include a loss of \$1.7 million and prior service credit of \$510 thousand. No amounts related to transition assets or liabilities are expected to be recognized and no plan assets are expected to be returned during 2008.

Supplemental Retirement Plan

Trustmark maintains a non-qualified supplemental retirement plan covering directors that elect to defer fees, key executive officers and senior officers. The plan provides for defined death benefits and/or retirement benefits based on a participant's covered salary. Trustmark has acquired life insurance contracts on the participants covered under the plan, which may be used to fund future payments under the plan. The measurement date for the plan is December 31.

In December 2006, Trustmark adopted the provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." The following tables present information regarding the plan's benefit obligation, plan assets, funded status of the plan, amounts recognized in accumulated other comprehensive loss, net periodic benefit cost and other statistical disclosures (\$ in thousands):

	December 31,	
	2007	2006
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 31,013	\$ 29,611
Service cost	1,296	1,599
Interest cost	1,815	1,651
Actuarial loss (gain)	1,949	(504)
Benefits paid	(1,599)	(1,344)
Prior service cost due to amendment	8	-
Benefit obligation, end of year	<u>\$ 34,482</u>	<u>\$ 31,013</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ -	\$ -
Actual return on plan assets	-	-
Employer contributions	1,599	1,344
Benefit payments	(1,599)	(1,344)
Fair value of plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status at end of year - net liability	<u>\$ (34,482)</u>	<u>\$ (31,013)</u>
Amounts recognized in accumulated other comprehensive loss		
Net loss	\$ 6,352	\$ 4,497
Prior service cost	1,710	1,841
Amounts recognized	<u>\$ 8,062</u>	<u>\$ 6,338</u>

	Years Ended December 31,		
	2007	2006	2005
Net periodic benefit cost			
Service cost	\$ 1,296	\$ 1,599	\$ 1,457
Interest cost	1,815	1,651	1,575
Amortization of prior service cost	139	139	151
Recognized net actuarial loss	94	148	103
Net periodic benefit cost	<u>\$ 3,344</u>	<u>\$ 3,537</u>	<u>\$ 3,286</u>
Other changes in plan assets and benefit obligations recognized in other comprehensive income, before taxes			
Net loss (gain)	\$ 1,855	\$ (652)	\$ 947
Prior service cost	8	1,981	-
Amortization of prior service cost	(139)	(139)	-
Total recognized in other comprehensive income	<u>\$ 1,724</u>	<u>\$ 1,190</u>	<u>\$ 947</u>
Total recognized in net periodic benefit cost and other comprehensive income	<u>\$ 5,068</u>	<u>\$ 4,727</u>	<u>\$ 4,233</u>
Weighted-average assumptions as of end of year			
Discount rate for benefit obligations	6.00%	6.00%	5.75%
Discount rate for net periodic benefit cost	6.00%	5.75%	6.00%

Estimated Supplemental Retirement Plan Payments and Other Disclosures

The following supplemental retirement plan benefit payments are expected to be paid in the following years (\$ in thousands):

2008	\$	1,546
2009		1,711
2010		2,131
2011		2,240
2012		2,329
2013 - 2017		14,214

Amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2008 include a gain of \$189 thousand and prior service cost of \$139 thousand. No amounts related to transition assets or liabilities are expected to be recognized and no plan assets are expected to be returned during 2008.

Other Benefit Plans**Defined Contribution Plan**

Trustmark provides associates with a self-directed 401(k) retirement plan which allows associates to contribute a percentage of base pay, within limits provided by the Internal Revenue Code and accompanying regulations, into the plan. Trustmark's contributions to this plan were \$5.3 million in 2007, \$3.8 million in 2006 and \$3.5 million in 2005.

Note 14 – Stock and Incentive Compensation Plans

On May 10, 2005, the shareholders approved the Trustmark Corporation 2005 Stock and Incentive Compensation Plan (the 2005 Plan), which was adopted by the Board of Directors, replacing the Trustmark Corporation 1997 Long Term Incentive Plan (the 1997 Plan). The purpose of the 2005 Plan is to promote the success of Trustmark and its subsidiaries by providing incentives to key associates and directors that will promote the identification of their personal interest with the long term financial success of Trustmark and with growth in shareholder value. The 2005 Plan is designed to provide flexibility to Trustmark regarding its ability to motivate, attract and retain the services of key associates and directors upon whose judgment, interest and special efforts the successful conduct of its operations is largely dependent. The 2005 Plan allows Trustmark to make grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units and performance units to key associates and directors. The maximum number of shares of Trustmark's common stock available for issuance under the 2005 Plan is the sum of (1) 6,000,000 common shares plus (2) the number of outstanding options under the 1997 Plan, which expire or are otherwise terminated or forfeited after May 10, 2005.

Stock Option Grants

Stock option awards under the 2005 Plan are granted with an exercise price equal to the market price of Trustmark's stock on the date of grant. Stock options granted under the 2005 Plan vest 20% per year and have a contractual term of seven years. Stock option awards, which were granted under the 1997 Plan, had an exercise price equal to the market price of Trustmark's stock on the date of grant, vested equally over four years with a contractual ten-year term. Compensation expense for stock options granted under these plans is estimated using the fair value of each option granted using the Black-Scholes option-pricing model and is recognized on the straight-line method over the requisite service period. Stock option-based compensation expense for these plans totaled \$1.2 million in 2007, \$1.9 million in 2006 and \$1.5 million in 2005. At December 31, 2007, Trustmark had \$2.3 million in total compensation expense not yet recognized for nonvested stock option awards. This unrecognized compensation expense is expected to be recognized over a weighted-average life of 2.7 years.

The following table summarizes Trustmark's stock option activity for 2007, 2006, and 2005:

Options	2007		2006		2005	
	Shares	Average Option Price	Shares	Average Option Price	Shares	Average Option Price
Outstanding, beginning of year	1,996,035	\$ 25.46	2,016,930	\$ 24.44	1,842,993	\$ 23.71
Granted	-	-	272,700	31.55	336,450	28.28
Exercised	(17,575)	24.97	(233,020)	22.89	(98,288)	22.66
Forfeited	(24,100)	29.17	(60,575)	28.67	(64,225)	26.28
Outstanding, end of year	<u>1,954,360</u>	25.42	<u>1,996,035</u>	25.46	<u>2,016,930</u>	24.44
Exercisable, end of year	<u>1,504,305</u>	24.18	<u>1,242,133</u>	23.47	<u>1,232,593</u>	22.76
Aggregate Intrinsic Value						
Outstanding, end of year	\$ 2,951,605		\$ 15,173,001		\$ 6,609,765	
Exercisable, end of year	\$ 2,951,605		\$ 11,920,289		\$ 5,955,437	

The total intrinsic value of options exercised was \$66 thousand in 2007, \$2.0 million in 2006 and \$623 thousand in 2005. The following table presents information on stock options by ranges of exercises at December 31, 2007:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Outstanding December 31, 2007	Weighted-Average Remaining Years To Expiration	Weighted-Average Exercise Price	Exercisable December 31, 2007	Weighted-Average Remaining Years To Expiration	Weighted-Average Exercise Price
\$ 16.17 - \$19.41	179,050	2.4	\$ 18.06	179,050	2.4	\$ 18.06
\$19.41 - \$22.64	300,811	2.5	21.94	300,811	2.5	21.94
\$22.64 - \$25.88	599,699	4.1	24.37	599,699	4.1	24.37
\$25.88 - \$29.11	615,650	5.4	27.73	367,605	5.8	27.58
\$29.11 - \$32.35	259,150	5.3	31.49	57,140	5.4	31.36
	<u>1,954,360</u>	4.3	25.42	<u>1,504,305</u>	4.0	24.18

The following table reflects the fair value of stock option awards at their grant dates and the weighted-average assumptions which were utilized in the Black-Scholes option-pricing model for 2006 and 2005. No stock options were granted during 2007.

	2006	2005
Fair value of options	\$ 7.28	\$ 6.54
Risk-free interest rate	5.01%	4.11%
Expected volatility	25.17%	24.95%
Expected dividend yield	2.79%	3.03%
Expected life (in years)	5	7

**Restricted Stock Grants
Performance Awards**

Trustmark's performance awards are granted to Trustmark's executive and senior management team, as well as Trustmark's Board of Directors. Performance awards granted vest based on performance goals of return on average tangible equity (ROATE) or return on average equity (ROAE) and total shareholder return (TSR) compared to a defined peer group. Awards based on TSR are valued under SFAS No. 123R utilizing a Monte Carlo simulation to estimate fair value of the awards at the grant date, while ROATE and ROAE awards are valued under SFAS No. 123R, utilizing the fair value of Trustmark's stock at the grant date based on the estimated number of shares expected to vest. The restriction period for performance awards covers a three-year vesting period. These awards are recognized on the straight-line method over the requisite service period. These awards provide for excess shares, if performance measures exceed 100 percent. Any excess shares are granted at the end of the vesting period and vest over an additional three-year period. The restricted share agreement provides for voting rights and dividend privileges. Trustmark recorded compensation expense for performance awards of \$1.9 million during 2007, \$927 thousand during 2006 and \$186 thousand during 2005. At December 31, 2007, Trustmark had \$4.2 million in total compensation expense not yet recognized for nonvested performance awards. This unrecognized compensation expense is expected to be recognized over a weighted-average life of 3.5 years. The following table summarizes Trustmark's performance award activity during years ended December 31, 2007, 2006 and 2005:

	2007		2006		2005	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Nonvested shares, beginning of year	89,075	\$ 28.27	26,325	\$ 28.28	-	\$ -
Granted	75,250	30.13	67,000	28.25	26,325	28.28
Forfeited	(2,000)	28.90	(4,250)	28.25	-	-
Nonvested shares, end of year	<u>162,325</u>	28.77	<u>89,075</u>	28.27	<u>26,325</u>	28.28

Time-Vested Awards

Trustmark's time-vested awards are granted in both employee recruitment and retention and are restricted for thirty-six months from the award dates. Time-vested awards are valued under SFAS No. 123 utilizing the fair value of Trustmark's stock at the grant date. These awards are recognized on the straight-line method over the requisite service period. Trustmark recorded compensation expense for time-vested stock awards of \$264 thousand during 2007 and \$180 thousand during 2006. There were no grants of time-vested awards during 2005. At December 31, 2007, Trustmark had \$1.0 million in total compensation expense not yet recognized for nonvested time-vested awards. This unrecognized compensation expense is expected to be recognized over a weighted-average life of 2.7 years. The following table summarizes Trustmark's time-vested award activity during years ended December 31, 2007 and 2006:

	2007		2006	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Nonvested shares, beginning of year	61,035	\$ 31.96	-	\$ -
Granted	37,500	29.03	61,035	31.96
Forfeited	(48,316)	30.54	-	-
Nonvested shares, end of year	<u>50,219</u>	30.38	<u>61,035</u>	31.96

Note 15 – Commitments and Contingencies

Lending Related

Trustmark makes commitments to extend credit and issues standby and commercial letters of credit in the normal course of business in order to fulfill the financing needs of its customers.

Commitments to extend credit are agreements to lend money to customers pursuant to certain specified conditions. Commitments generally have fixed expiration dates or other termination clauses. Because many of these commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Trustmark applies the same credit policies and standards as it does in the lending process when making these commitments. The collateral obtained is based upon the assessed creditworthiness of the borrower. At both December 31, 2007 and 2006, Trustmark had commitments to extend credit of \$1.9 billion.

Standby and commercial letters of credit are conditional commitments issued by Trustmark to insure the performance of a customer to a third party. Trustmark issues financial and performance standby letters of credit in the normal course of business in order to fulfill the financing needs of its customers. A financial standby letter of credit irrevocably obligates Trustmark to pay a third-party beneficiary when a customer fails to repay an outstanding loan or debt instrument. A performance standby letter of credit irrevocably obligates Trustmark to pay a third-party beneficiary when a customer fails to perform some contractual, nonfinancial obligation. When issuing letters of credit, Trustmark uses essentially the same policies regarding credit risk and collateral which are followed in the lending process. At December 31, 2007 and 2006, Trustmark's maximum exposure to credit loss in the event of nonperformance by the other party for standby and commercial letters of credit was \$170.7 million and \$138.0 million, respectively. These amounts consist primarily of commitments with maturities of less than three years, which have an immaterial carrying value. Trustmark holds collateral to support standby letters of credit when deemed necessary. As of December 31, 2007, the fair value of collateral held was \$44.7 million.

Lease Commitments

Trustmark currently has operating lease commitments for banking premises and equipment, which expire from 2008 to 2027. It is expected that certain leases will be renewed, or equipment replaced, as leases expire. Rental expense totaled \$5.7 million in 2007, \$4.7 million in 2006 and \$4.2 million in 2005. At December 31, 2007, future minimum rental commitments under noncancellable operating leases are as follows (\$ in thousands):

2008	\$	3,617
2009		3,266
2010		2,340
2011		1,590
2012		1,296
Thereafter		6,350
Total	\$	<u>18,459</u>

Legal Proceedings

Trustmark and its subsidiaries are parties to lawsuits and other claims that arise in the ordinary course of business. Some of the lawsuits assert claims related to lending, collection, servicing, investment, trust and other business activities, and some of the lawsuits allege substantial claims for damages. The cases are being vigorously contested. In the regular course of business, Management evaluates estimated losses or costs related to litigation, and provision is made for anticipated losses whenever Management believes that such losses are probable and can be reasonably estimated. At the present time, Management believes, based on the advice of legal counsel and Management's evaluation, that the final resolution of pending legal proceedings will not have a material impact on Trustmark's consolidated financial position or results of operations; however, Management is unable to estimate a range of potential loss on these matters because of the nature of the legal environments in states where Trustmark conducts business.

Note 16- Shareholders' Equity

Regulatory Capital

Trustmark and TNB are subject to minimum capital requirements which are administered by various federal regulatory agencies. These capital requirements, as defined by federal guidelines, involve quantitative and qualitative measures of assets, liabilities and certain off-balance sheet instruments. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the financial statements of Trustmark and TNB.

Management believes, as of December 31, 2007, that Trustmark and TNB have met all capital adequacy requirements to which they are subject. At December 31, 2007, Management also believes that TNB has met applicable regulatory guidelines to be categorized as well-capitalized. To be categorized as well-capitalized, TNB must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table below. There are no significant conditions or events that have occurred since December 31, 2007, which Management believes have affected TNB's present classification.

Trustmark's and TNB's actual regulatory capital amounts and ratios are presented in the table below (\$ in thousands):

	Actual Regulatory Capital		Minimum Regulatory Capital Required		Minimum Regulatory Provision to be Well-Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
At December 31, 2007:						
Total Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 805,649	10.93%	\$ 589,509	8.00%	n/a	n/a
Trustmark National Bank	781,725	10.75%	581,482	8.00%	\$ 726,852	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 676,089	9.17%	\$ 294,755	4.00%	n/a	n/a
Trustmark National Bank	658,059	9.05%	290,741	4.00%	\$ 436,111	6.00%
Tier 1 Capital (to Average Assets)						
Trustmark Corporation	\$ 676,089	7.86%	\$ 257,950	3.00%	n/a	n/a
Trustmark National Bank	658,059	7.79%	253,425	3.00%	\$ 422,375	5.00%
At December 31, 2006:						
Total Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 771,477	11.40%	\$ 541,412	8.00%	n/a	n/a
Trustmark National Bank	750,745	11.26%	534,331	8.00%	\$ 667,914	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 649,702	9.60%	\$ 270,706	4.00%	n/a	n/a
Trustmark National Bank	634,694	9.52%	267,165	4.00%	\$ 400,748	6.00%
Tier 1 Capital (to Average Assets)						
Trustmark Corporation	\$ 649,702	7.65%	\$ 254,856	3.00%	n/a	n/a
Trustmark National Bank	634,694	7.60%	250,872	3.00%	\$ 418,120	5.00%

Common Stock Repurchase Program

Trustmark currently has remaining authorization for the repurchase of up to 1.4 million shares of its common stock subject to market conditions and management discretion. Collectively, the capital management plans adopted by Trustmark since 1998 have authorized the repurchase of 24.3 million shares of common stock. Pursuant to these plans, Trustmark has repurchased approximately 22.7 million shares for \$518.1 million, including 1.4 million shares during 2007.

Shelf Registration

Trustmark has available its "shelf" registration statement filed on Form S-3 with the Securities and Exchange Commission (SEC) as another possible source of shareholders' equity. Under this shelf process, Trustmark may offer from time to time any combination of securities described in the prospectus in one or more offerings up to a total amount of \$200.0 million. The securities described in the prospectus include common and preferred stock, depositary shares, debt securities, junior subordinated debt securities and trust preferred securities. Net proceeds from the sale of the offered securities may be used to redeem or repurchase outstanding securities, repay outstanding debt, finance acquisitions of companies and other assets and provide working capital.

Authorization of Preferred Shares

The Board of Directors currently has the authority to issue up to 20 million preferred shares with no par value. The ability to issue preferred shares in the future will provide Trustmark with additional financial and management flexibility for general corporate and acquisition

purposes. As of December 31, 2007, no such shares have been issued.

Dividends

Dividends paid by Trustmark are substantially funded from dividends received from TNB. Approval by TNB's regulators is required if the total of all dividends declared in any calendar year exceeds the total of its net income for that year combined with its retained net income of the preceding two years. TNB will have available in 2008 approximately \$51.9 million plus its net income for that year to pay as dividends.

Accumulated Other Comprehensive Loss

The following table presents the components of accumulated other comprehensive loss and the related tax effects allocated to each component for the years ended December 31, 2007, 2006 and 2005 (\$ in thousands):

	Before-Tax Amount	Tax Effect	Accumulated Other Comprehensive Loss
Balance, January 1, 2005	\$ (6,369)	\$ 2,417	\$ (3,952)
Unrealized losses on available for sale securities:			
Unrealized holding losses arising during period	(17,854)	6,829	(11,025)
Less: adjustment for net losses realized in net income	3,644	(1,394)	2,250
Minimum liability adjustment-defined benefit plans	(947)	362	(585)
Balance, December 31, 2005	(21,526)	8,214	(13,312)
Unrealized gains on available for sale securities:			
Unrealized holding gains arising during period	6,935	(2,653)	4,282
Less: adjustment for net gains realized in net income	(1,922)	735	(1,187)
Pension and other postretirement benefit plans:			
Net prior service costs arising during the period	1,415	(541)	874
Net loss arising during the period	(18,257)	6,983	(11,274)
Balance, December 31, 2006	(33,355)	12,738	(20,617)
Unrealized gains on available for sale securities:			
Unrealized holding gains arising during period	10,358	(3,962)	6,396
Less: adjustment for net gains realized in net income	(112)	43	(69)
Pension and other postretirement benefit plans:			
Net prior service credits arising during the period	(379)	145	(234)
Net gain arising during the period	118	(45)	73
Balance, December 31, 2007	<u>\$ (23,370)</u>	<u>\$ 8,919</u>	<u>\$ (14,451)</u>

Note 17 - Fair Values of Financial Instruments

The carrying amounts and estimated fair values of financial instruments at December 31, 2007 and 2006, are as follows (\$ in thousands):

	2007		2006	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:				
Cash and short-term investments	\$ 310,980	\$ 310,980	\$ 419,342	\$ 419,342
Securities available for sale	442,345	442,345	758,272	758,272
Securities held to maturity	275,096	276,631	292,243	290,905
Loans held for sale	147,508	147,508	95,375	95,375
Net loans	6,960,941	6,990,354	6,491,055	6,444,956
Financial Liabilities:				
Deposits	6,869,272	6,876,805	6,976,164	6,996,737
Short-term liabilities	935,117	935,117	741,501	741,501
Subordinated notes	49,709	48,125	49,677	48,787
Junior subordinated debt securities	70,104	70,104	70,104	70,104

The methodology and significant assumptions used in estimating the fair values presented above are as follows:

In cases where quoted market prices are not available, fair values are generally based on estimates using present value techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates for those assets or liabilities cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. The estimated fair value of financial instruments with immediate and shorter-term maturities (generally 90 days or less) is assumed to be the same as the recorded book value. All nonfinancial instruments, by definition, have been excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of Trustmark.

Cash and Short-Term Investments

The carrying amounts for cash and due from banks and short-term investments (federal funds sold and securities purchased under reverse repurchase agreements) approximate fair values due to their immediate and shorter-term maturities.

Securities

Estimated fair values for securities available for sale and securities held to maturity are based on quoted market prices where available. If quoted market prices are not available, estimated fair values are based on quoted market prices of comparable instruments.

Loans Held for Sale

The fair value of loans held for sale is based primarily on quoted market prices.

Loans

The fair values of loans are estimated for portfolios of loans with similar financial characteristics. For variable rate loans that reprice frequently with no significant change in credit risk, fair values are based on carrying values. The fair values of certain mortgage loans, such as 1-4 family residential properties, are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. The fair values of other types of loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposits

The fair values of deposits with no stated maturity, such as noninterest-bearing demand deposits, NOW accounts, MMDA products and savings accounts are, by definition, equal to the amount payable on demand, which is the carrying value. Fair values for certificates of deposit are based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

Short-Term Liabilities

The carrying amounts for federal funds purchased, securities sold under repurchase agreements and other borrowings approximate their fair values.

Subordinated Notes

Fair value equals quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar subordinated notes.

Junior Subordinated Debt Securities

Fair value equals quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar junior subordinated debt securities.

Off-Balance Sheet Instruments

The fair values of loan commitments and letters of credit approximate the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations. The fees associated with these financial instruments, or the estimated cost to terminate, as applicable, are immaterial.

Note 18 – Derivative Financial Instruments

As part of Trustmark's risk management strategy in the mortgage banking area, derivative instruments such as interest rate lock commitments and forward sales contracts are utilized. Rate lock commitments are residential mortgage loan commitments with customers, which guarantee a specified interest rate for a specified time period. Trustmark's obligations under forward contracts consist of commitments to deliver mortgage loans, originated and/or purchased, in the secondary market at a future date. These derivative instruments are designated as fair value hedges for certain of these transactions that qualify as fair value hedges under SFAS No. 133. Trustmark's off-balance sheet obligations under these derivative instruments totaled \$211.3 million at December 31, 2007, with a valuation adjustment of negative \$686 thousand, compared to \$167.8 million, with a valuation adjustment of \$19 thousand as of December 31, 2006.

Trustmark utilizes derivative instruments to offset changes in the fair value of MSR attributable to changes in interest rates. Changes in the fair value of the derivative instrument are recorded in noninterest income in mortgage banking, net and are offset by the changes in the fair value of MSR. MSR fair values represent the effect of present value decay and the effect of changes in interest rates. Ineffectiveness of hedging MSR fair value is measured by comparing total hedge cost to the fair value of the MSR attributable to market changes. During 2007, the impact of implementing this strategy resulted in a net positive ineffectiveness of \$1.2 million compared with a net negative ineffectiveness from hedging of \$0.2 million during 2006.

Interest rate swaps are derivative instruments under which two parties agree to make interest payments on a notional principal amount. In a generic swap, one party pays a fixed interest rate and receives a floating interest rate, while the other party receives a fixed interest rate and pays a floating interest rate. During 2006, Trustmark's remaining interest rate swaps matured. These swaps, which had been designated as fair value hedges, were originally initiated during 2003 to mitigate the effects of further changes in the fair value of specific, noncallable, nonprepayable, fixed rate advances from the FHLB by agreeing to pay a floating interest rate tied to LIBOR.

Trustmark has utilized an interest rate risk strategy that included caps and floors. The intent of utilizing these derivative instruments was to reduce the risk associated with the effects of significant movements in interest rates. Caps and floors, which are not designated as hedging instruments, are options linked to a notional principal amount and an underlying indexed interest rate. Exposure to loss on these options will increase or decrease as interest rates fluctuate. Trustmark's interest rate cap contracts matured in 2006. Trustmark did not hold any interest rate floor contracts during the years presented.

Note 19 – Segment Information

Trustmark's management reporting structure includes four segments: general banking, wealth management, insurance and administration. General banking is responsible for all traditional banking products and services, including loans and deposits. Wealth management provides customized solutions for affluent customers by integrating financial services with traditional banking products and services such as private banking, money management, full-service brokerage, financial planning, personal and institutional trust, and retirement services, as well as insurance and risk management services provided by TRMK Risk Management, Inc., a wholly-owned subsidiary of TNB. Insurance includes two wholly-owned subsidiaries of TNB: The Bottrell Insurance Agency and Fisher-Brown, Incorporated. Through Bottrell and Fisher-Brown, Trustmark provides a full range of retail insurance products, including commercial risk management products, bonding, group benefits and personal lines coverages. Administration includes all other activities that are not directly attributable to one of the major lines of business. Administration consists of internal operations such as Human Resources, Executive Administration, Treasury (Funds Management) and Corporate Finance.

The accounting policies of each reportable segment are the same as those of Trustmark except for its internal allocations. Trustmark uses a match-funded transfer pricing process to assess operating segment performance. Noninterest expenses for back-office operations support are allocated to segments based on estimated uses of those services. As a result of Hurricane Katrina, during 2005 Trustmark increased its allowance for loan losses through an additional provision for loan losses of \$9.8 million on a pretax basis. During 2006 and 2007, Trustmark updated its estimates for probable losses resulting from Hurricane Katrina and released pretax provision for loan losses of \$7.8 million and \$642 thousand, respectively. Management has determined that these adjustments, due to their unusual nature, should be included in the administration division.

The following table discloses financial information by reportable segment for the periods ended December 31, 2007, 2006 and 2005 (\$ in thousands). Prior periods have been conformed with the current period presentation.

	General Banking Division	Insurance Division	Wealth Mgt. Division	Admin. Division	Total
For the year ended December 31, 2007					
Net interest income (expense) from external customers	\$ 294,373	\$ (3)	\$ 4,947	\$ 1,466	\$ 300,783
Internal funding	(16,733)	-	(922)	17,655	-
Net interest income (expense)	277,640	(3)	4,025	19,121	300,783
Provision for loan losses	23,409	-	4	371	23,784
Net interest income (expense) after provision for loan losses	254,231	(3)	4,021	18,750	276,999
Noninterest income	101,173	35,574	26,433	(733)	162,447
Noninterest expense	196,466	24,285	19,848	35,850	276,449
Income (loss) before income taxes	158,938	11,286	10,606	(17,833)	162,997
	54,846	4,378	3,756	(8,578)	54,402
Segment net income (loss)	<u>\$ 104,092</u>	<u>\$ 6,908</u>	<u>\$ 6,850</u>	<u>\$ (9,255)</u>	<u>\$ 108,595</u>

Selected Financial Information

Average assets	\$ 7,373,472	\$ 21,670	\$ 90,533	\$ 1,360,162	\$ 8,845,837
Depreciation and amortization	\$ 21,369	\$ 407	\$ 383	\$ 5,604	\$ 27,763

For the year ended December 31, 2006

Net interest income (expense) from external customers	\$ 278,083	\$ (8)	\$ 4,552	\$ (2,056)	\$ 280,571
Internal funding	(6,679)	-	(470)	7,149	-
Net interest income (expense)	271,404	(8)	4,082	5,093	280,571
Provision for loan losses	3,687	-	1	(9,626)	(5,938)
Net interest income (expense) after provision for loan losses	267,717	(8)	4,081	14,719	286,509
Noninterest income	94,876	34,279	23,696	2,277	155,128
Noninterest expense	185,617	23,384	18,888	32,591	260,480
Income (loss) before income taxes	176,976	10,887	8,889	(15,595)	181,157
Income taxes	61,129	4,224	3,241	(6,710)	61,884
Segment net income (loss)	<u>\$ 115,847</u>	<u>\$ 6,663</u>	<u>\$ 5,648</u>	<u>\$ (8,885)</u>	<u>\$ 119,273</u>

Selected Financial Information

Average assets	\$ 6,801,864	\$ 25,065	\$ 88,695	\$ 1,511,864	\$ 8,427,488
Depreciation and amortization	\$ 21,111	\$ 392	\$ 422	\$ 4,764	\$ 26,689

For the year ended December 31, 2005

Net interest income (expense) from external customers	\$ 266,982	\$ (10)	\$ 3,797	\$ 5,672	\$ 276,441
Internal funding	(18,005)	-	(211)	18,216	-
Net interest income (expense)	248,977	(10)	3,586	23,888	276,441
Provision for loan losses	7,815	-	72	11,654	19,541
Net interest income (expense) after provision for loan losses	241,162	(10)	3,514	12,234	256,900
Noninterest income	92,172	33,044	22,201	(4,310)	143,107
Noninterest expense	172,779	22,566	18,368	29,563	243,276
Income (loss) before income taxes	160,555	10,468	7,347	(21,639)	156,731
Income taxes	55,372	4,309	2,698	(8,599)	53,780
Segment net income (loss)	<u>\$ 105,183</u>	<u>\$ 6,159</u>	<u>\$ 4,649</u>	<u>\$ (13,040)</u>	<u>\$ 102,951</u>

Selected Financial Information

Average assets	\$ 6,262,238	\$ 22,234	\$ 96,974	\$ 1,825,037	\$ 8,206,483
Depreciation and amortization	\$ 19,437	\$ 369	\$ 524	\$ 3,835	\$ 24,165

Note 20 - Parent Company Only Financial Information
(\$ in thousands)

Condensed Balance Sheets

	December 31,	
	2007	2006
Assets:		
Investment in banks	\$ 987,365	\$ 961,864
Other assets	9,778	12,042
Total Assets	\$ 997,143	\$ 973,906
Liabilities and Shareholders' Equity:		
Accrued expense	\$ 403	\$ 1,467
Borrowings	7,000	11,000
Junior subordinated debt securities	70,104	70,104
Shareholders' equity	919,636	891,335
Total Liabilities and Shareholders' Equity	\$ 997,143	\$ 973,906

Condensed Statements of Income

	Years Ended December 31,		
	2007	2006	2005
Revenue:			
Dividends received from banks	\$ 96,228	\$ 85,741	\$ 87,766
Earnings of subsidiaries over distributions	15,922	34,238	14,860
Other income	326	1,862	1,346
Total Revenue	112,476	121,841	103,972
Expense:			
Interest expense	444	628	268
Other expense	3,437	1,940	753
Total Expense	3,881	2,568	1,021
Net Income	\$ 108,595	\$ 119,273	\$ 102,951

Condensed Statements of Cash Flows

	Years Ended December 31,		
	2007	2006	2005
Operating Activities:			
Net income	\$ 108,595	\$ 119,273	\$ 102,951
Adjustments to reconcile net income to net cash provided by operating activities:			
Increase in investment in subsidiaries	(15,922)	(34,238)	(14,860)
Other	(583)	1,043	864
Net cash provided by operating activities	92,090	86,078	88,955
Investing Activities:			
Payment for investments in subsidiaries	-	(212,669)	-
Proceeds from maturities of securities available for sale	3,172	-	-
Proceeds from sales of securities available for sale	-	15,409	3,001
Purchases of securities available for sale	(7,167)	-	-
Proceeds from sale of other assets	3,550	-	-
Net cash (used in) provided by investing activities	(445)	(197,260)	3,001
Financing Activities:			
Proceeds from line of credit	17,000	-	11,000
Repayments of line of credit	(21,000)	-	-
Proceeds from issuance of junior subordinated debt securities	-	70,104	-
Cash dividends	(51,472)	(48,634)	(45,758)
Common stock transactions, net	(38,410)	90,336	(58,412)
Net cash (used in) provided by financing activities	(93,882)	111,806	(93,170)
(Decrease) increase in cash and cash equivalents	(2,237)	624	(1,214)
Cash and cash equivalents at beginning of year	5,210	4,586	5,800
Cash and cash equivalents at end of year	\$ 2,973	\$ 5,210	\$ 4,586

Trustmark (parent company only) paid income taxes of approximately \$53.9 million in 2007, \$56.1 million in 2006 and \$55.2 million in 2005. Interest paid was \$511 thousand during 2007, \$523 thousand during 2006 and \$268 thousand for 2005.

Selected Financial Data

(\$ in thousands except per share data)

Years Ended December 31,	2007	2006	2005	2004	2003
Consolidated Statements of Income					
Total interest income	\$ 543,143	\$ 482,746	\$ 415,697	\$ 364,355	\$ 359,388
Total interest expense	242,360	202,175	139,256	88,738	89,558
Net interest income	300,783	280,571	276,441	275,617	269,830
Provision for loan losses	23,784	(5,938)	19,541	(3,055)	9,771
Noninterest income	162,447	155,128	143,107	124,028	136,310
Noninterest expense	276,449	260,480	243,276	225,309	214,887
Income before income taxes	162,997	181,157	156,731	177,391	181,482
Income taxes	54,402	61,884	53,780	60,682	62,952
Net Income	\$ 108,595	\$ 119,273	\$ 102,951	\$ 116,709	\$ 118,530

Per Share Data

Basic earnings per share	\$ 1.88	\$ 2.11	\$ 1.82	\$ 2.01	\$ 2.01
Diluted earnings per share	\$ 1.88	\$ 2.09	\$ 1.81	\$ 2.00	\$ 2.00
Cash dividends per share	\$ 0.89	\$ 0.85	\$ 0.81	\$ 0.77	\$ 0.69

December 31,	2007	2006	2005	2004	2003
Consolidated Balance Sheets					
Total assets	\$ 8,966,802	\$ 8,840,970	\$ 8,389,750	\$ 8,052,957	\$ 7,914,321
Securities	717,441	1,050,515	1,295,784	1,655,621	2,051,563
Loans (including loans held for sale)	7,188,300	6,658,528	6,060,279	5,447,006	5,044,143
Deposits	6,869,272	6,976,164	6,282,814	5,450,093	5,089,459
Shareholders' equity	919,636	891,335	741,463	750,396	689,573

Summary of Quarterly Results of Operations*(unaudited)**(\$ in thousands except per share data)*

	2007	1st	2nd	3rd	4th
Interest income	\$	130,693	\$ 134,469	\$ 137,593	\$ 140,388
Net interest income		71,942	73,832	75,086	79,923
Provision for loan losses		1,639	145	4,999	17,001
Income before income taxes		39,048	45,324	43,168	35,457
Net income		25,857	29,828	29,081	23,829
Earnings per share					
Basic		0.44	0.52	0.51	0.42
Diluted		0.44	0.51	0.51	0.42

	2006	1st	2nd	3rd	4th
Interest income	\$	110,633	\$ 116,136	\$ 125,197	\$ 130,780
Net interest income		68,241	69,618	70,630	72,082
Provision for loan losses		(2,984)	(1,964)	(81)	(909)
Income before income taxes		44,403	47,213	44,954	44,587
Net income		29,319	30,774	29,761	29,419
Earnings per share					
Basic		0.53	0.55	0.53	0.50
Diluted		0.52	0.55	0.52	0.50

Principal Markets and Prices of Trustmark's Stock

	Dividends Per Share	Stock Prices	
		High	Low
2007			
4th Quarter	\$ 0.23	\$ 29.71	\$ 23.10
3rd Quarter	0.22	30.15	24.13
2nd Quarter	0.22	28.76	25.04
1st Quarter	0.22	33.69	26.85
2006			
4th Quarter	\$ 0.22	\$ 33.61	\$ 30.84
3rd Quarter	0.21	32.78	28.31
2nd Quarter	0.21	32.25	29.34
1st Quarter	0.21	32.00	27.01

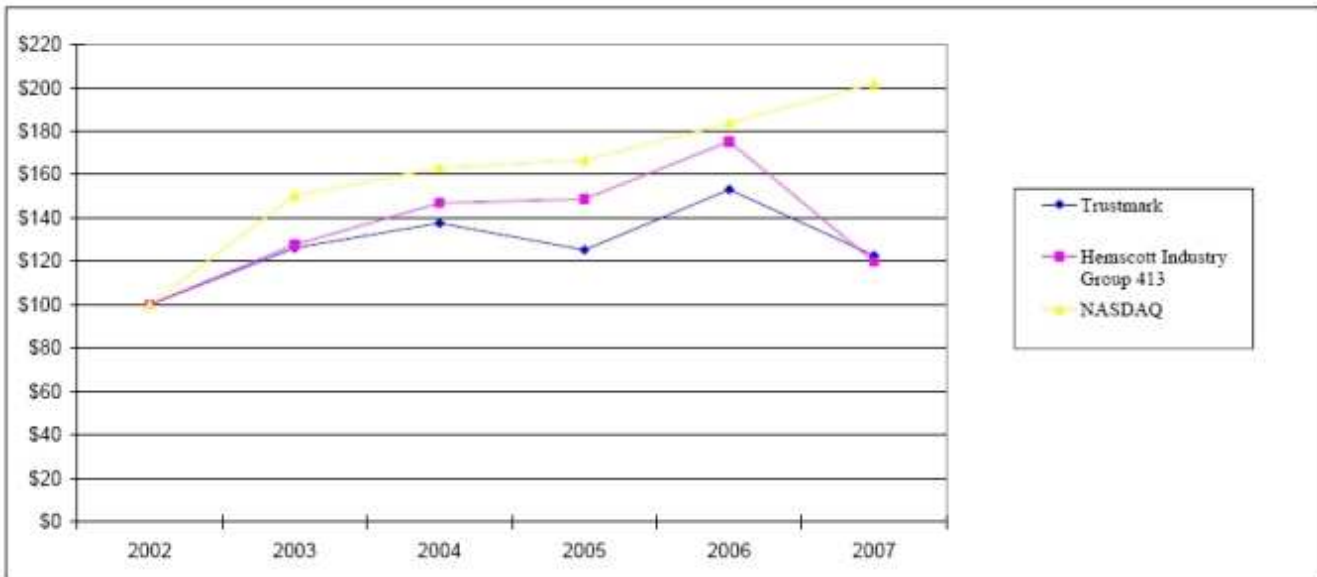
Trustmark's common stock is listed for trading on the NASDAQ stock market as stock symbol TRMK.

Stock Price Performance Graph

The information contained in the performance graph shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall this information be incorporated by reference into any future filing under the Securities Act of 1933 or the Exchange Act, except to the extent that Trustmark specifically incorporates it by reference into such filing. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

Comparison of Five-Year Cumulative Total Return for Trustmark, The NASDAQ Market Value Index and the Hemscott Industry Group 413

The following graph compares Trustmark's annual percentage change in cumulative total return on common shares over the past five years with the cumulative total return of companies comprising the NASDAQ market value index and the Hemscott Industry Group 413. The Hemscott Industry Group 413 is an industry index published by Hemscott, Inc., and consists of 51 bank holding companies located in the Southeastern United States. This presentation assumes that \$100 was invested in shares of the relevant issuers on December 31, 2002, and that dividends received were immediately invested in additional shares. The graph plots the value of the initial \$100 investment at one-year intervals for the fiscal years shown.



Company	2002	2003	2004	2005	2006	2007
Trustmark	100	126.24	137.53	125.15	153.14	122.64
Hemscott Industry Group 413	100	127.68	146.81	148.65	175.16	119.72
NASDAQ	100	150.36	163.00	166.58	183.68	201.91

Management's Discussion and Analysis

The following provides a narrative discussion and analysis of Trustmark Corporation's (Trustmark) financial condition and results of operations. This discussion should be read in conjunction with the consolidated financial statements and the supplemental financial data included elsewhere in this report.

Forward-Looking Statements

Certain statements contained in this Management's Discussion and Analysis are not statements of historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements relating to anticipated future operating and financial performance measures, including net interest margin, credit quality, business initiatives, growth opportunities and growth rates, among other things and encompass any estimate, prediction, expectation, projection, opinion, anticipation, outlook or statement of belief included therein as well as the management assumptions underlying these forward-looking statements. Should one or more of these risks materialize, or should any such underlying assumptions prove to be significantly different, actual results may vary significantly from those anticipated, estimated, projected or expected.

These risks could cause actual results to differ materially from current expectations of Management and include, but are not limited to, changes in the level of nonperforming assets and charge-offs, local, state and national economic and market conditions, material changes in market interest rates, the costs and effects of litigation and of unexpected or adverse outcomes in such litigation, competition in loan and deposit pricing, as well as the entry of new competitors into our markets through de novo expansion and acquisitions, changes in existing regulations or the adoption of new regulations, natural disasters, acts of war or terrorism, changes in consumer spending, borrowing and saving habits, technological changes, changes in the financial performance or condition of Trustmark's borrowers, the ability to control expenses, changes in Trustmark's compensation and benefit plans, greater than expected costs or difficulties related to the integration of new products and lines of business and other risks described in Trustmark's filings with the Securities and Exchange Commission.

Although Management believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Trustmark undertakes no obligation to update or revise any of this information, whether as the result of new information, future events or developments or otherwise.

Company Overview

Business

Trustmark is a multi-bank holding company headquartered in Jackson, Mississippi, incorporated under the Mississippi Business Corporation Act on August 5, 1968. Trustmark commenced doing business in November 1968. Through its subsidiaries, Trustmark operates as a financial services organization providing banking and financial solutions through approximately 150 offices and 2,600 associates predominantly within the states of Florida, Mississippi, Tennessee and Texas.

Trustmark National Bank (TNB), Trustmark's wholly-owned subsidiary, accounts for approximately 98% of the assets and revenues of Trustmark. Initially chartered by the state of Mississippi in 1889, TNB is also headquartered in Jackson, Mississippi. In addition to banking activities, TNB provides investment and insurance products and services to its customers through its wholly-owned subsidiaries, Trustmark Investment Advisors, Inc., The Bottrell Insurance Agency, Inc. (Bottrell), TRMK Risk Management, Inc., and Fisher-Brown, Incorporated (Fisher-Brown). TNB also owns all of the stock of Trustmark Securities, Inc., which became an inactive subsidiary during 2006.

Trustmark also engages in banking activities through its wholly-owned subsidiary, Somerville Bank & Trust Company (Somerville), headquartered in Somerville, Tennessee. Somerville presently has five locations in Somerville, Hickory Withe and Rossville, Tennessee. Trustmark also owns all of the stock of F. S. Corporation and First Building Corporation, both inactive nonbank Mississippi corporations.

In order to facilitate a private placement of trust preferred securities, Trustmark formed a Delaware trust affiliate, Trustmark Preferred Capital Trust I (Trustmark Trust). Also, as a result of the acquisition of Republic Bancshares of Texas, Inc., Trustmark now owns Republic Bancshares Capital Trust I (Republic Trust), a Delaware trust affiliate. As defined in applicable accounting standards, both Trustmark Trust and Republic Trust, wholly-owned subsidiaries of Trustmark, are considered variable interest entities for which Trustmark is not the primary beneficiary. Accordingly, the accounts of both trusts are not included in Trustmark's consolidated financial statements.

Financial Highlights

Net income for the year ended December 31, 2007, totaled \$108.6 million compared with \$119.3 million for 2006 and \$103.0 million for 2005. For 2007, Trustmark's basic earnings per share were \$1.88 compared with \$2.11 for 2006 and \$1.82 for 2005. Diluted earnings per share were \$1.88 for 2007 compared with \$2.09 for 2006 and \$1.81 for 2005. Earnings during 2007 included an accrual for expenses due to the Visa antitrust litigation and correction of an error for an under accrual of interest income for prior years related to loan fees. Collectively, these two items increased net income in 2007 by \$1.1 million, or \$0.02 per share. In addition, during 2007 Trustmark also released allowance for loan losses and other reserves related to Hurricane Katrina totaling \$1.0 million on a pretax basis which resulted in an increase in net income of \$0.7 million, or \$0.01 per share. This is compared with an increase to net income of \$5.7 million, or \$0.10 per share, resulting from Katrina adjustments during 2006 and a decrease to net income of \$10.1 million, or \$0.18 per share, resulting from Katrina adjustments during 2005.

Management is presenting, in the accompanying table, adjustments to net income as reported in accordance with generally accepted accounting principles resulting from significant items occurring during the periods presented. Management believes this information will help users compare Trustmark's current results to those of prior periods as presented in the table below.

Non-GAAP Disclosures

(\$ in thousands except per share data)

	Years Ended December 31,					
	2007		2006		2005	
	Amount	Basic EPS	Amount	Basic EPS	Amount	Basic EPS
Net Income as reported-GAAP	\$ 108,595	\$ 1.882	\$ 119,273	\$ 2.106	\$ 102,951	\$ 1.819
Adjustments (net of taxes):						
Correction of Accounting Error	(1,623)	(0.028)	-	-	-	-
Hurricane Katrina	(665)	(0.012)	(5,688)	(0.100)	10,083	0.178
Visa Litigation Contingency	494	0.009	-	-	-	-
Sale of Merchant Service Portfolio	-	-	-	-	(3,551)	(0.063)
	<u>(1,794)</u>	<u>(0.031)</u>	<u>(5,688)</u>	<u>(0.100)</u>	<u>6,532</u>	<u>0.115</u>
Net Income adjusted for specific items (Non-GAAP)	<u>\$ 106,801</u>	<u>\$ 1.851</u>	<u>\$ 113,585</u>	<u>\$ 2.006</u>	<u>\$ 109,483</u>	<u>\$ 1.934</u>

At December 31, 2007, Trustmark reported gross loans, including loans held for sale, of \$7.188 billion, total assets of \$8.967 billion, total deposits of \$6.869 billion and shareholders' equity of \$919.6 million. Trustmark's financial performance for 2007 resulted in a return on average tangible shareholders' equity of 19.17% and a return on average assets of 1.23%. These compared with 2006 ratios of 20.78% for return on average tangible shareholders' equity and 1.42% for return on average assets, while in 2005 the return on average tangible shareholders' equity was 18.24%, and the return on average assets was 1.25%.

Business Combinations

On August 25, 2006, Trustmark completed its merger with Houston-based Republic Bancshares of Texas, Inc. (Republic), in a business combination accounted for by the purchase method of accounting. Trustmark purchased all the outstanding common and preferred shares of Republic for approximately \$205.3 million. The purchase price includes approximately 3.3 million in common shares of Trustmark valued at \$103.8 million, \$100.0 million in cash and \$1.5 million in acquisition-related costs. The purchase price allocations were finalized during 2007 and included adjustments related to various acquisition-related expenses and finalization of Republic's short-period income tax return. Trustmark's financial statements include the results of operations for the Republic business combination from the merger date. For more information on this business combination, please refer to Note 3 of the Notes to the Consolidated Financial Statements.

Banking Center Expansion Program

During 2007, Trustmark continued to make investments to support revenue growth and profitability as well as to reallocate resources to higher growth markets. During 2007, Trustmark opened a total of five additional banking centers in its Hattiesburg and Jackson, Mississippi; Houston, Texas; and Memphis, Tennessee, markets. During 2008, six additional banking centers are expected to open in the Florida Panhandle; Houston, Texas; Jackson, Mississippi; Memphis, Tennessee; and Mississippi Gulf Coast markets. These actions reflect Management's commitment to build long-term value for shareholders.

Critical Accounting Policies

Trustmark's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and follow general practices within the financial services industry. Application of these accounting principles requires Management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the consolidated financial statements; accordingly, as this information changes, actual financial results could differ from those estimates.

Certain policies inherently have a greater reliance on the use of estimates, assumptions and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. These critical accounting policies are described in detail below.

Allowance for Loan Losses

The allowance for loan losses is established through provisions for estimated loan losses charged against net income. The allowance for loan losses is maintained at a level believed adequate by Management, based on estimated probable losses within the existing loan portfolio. This evaluation is inherently subjective, as it requires material estimates, including the amounts and timings of future cash flows expected to be received on impaired loans that may be susceptible to significant change.

Trustmark's allowance for probable loan loss methodology is based on guidance provided in SAB No. 102, "Selected Loan Loss Allowance Methodology and Documentation Issues," as well as on other regulatory guidance. Accordingly, Trustmark's methodology is based on historical loss experience by type of loan and internal risk ratings, homogeneous risk pools and specific loss allocations, with adjustments considering current economic events and conditions. The provision for loan losses reflects loan quality trends, including the levels of and trends related to nonaccrual loans, past due loans, potential problem loans, criticized loans and net charge-offs or recoveries, among other factors, in compliance with the Interagency Policy Statement on the Allowance for Loan and Lease Losses published by the governmental regulating agencies for financial services companies.

Mortgage Servicing Rights

Trustmark recognizes as assets the rights to service mortgage loans for others, known as mortgage servicing rights (MSR). Prior to Trustmark's adoption of SFAS No. 156, MSR were capitalized based on the relative fair value of the servicing right and the mortgage loan on the date the mortgage loan is sold. As a result of Trustmark's adoption of SFAS No. 156 on January 1, 2006, Trustmark carries MSR at fair value. The fair value of MSR is determined using discounted cash flow techniques benchmarked against third-party opinions of value. Estimates of fair value involve several assumptions, including the key valuation assumptions about market expectations of future prepayment rates, interest rates and discount rates. Prepayment rates are projected using an industry standard prepayment model. The model considers other key factors, such as a wide range of standard industry assumptions tied to specific portfolio characteristics such as remittance cycles, escrow payment requirements, geographic factors, foreclosure loss exposure, VA no-bid exposure, delinquency rates and cost of servicing, including base cost and cost to service delinquent mortgages. Prevailing market conditions at the time of analysis are factored into the accumulation of assumptions and determination of servicing value. Because the valuation is determined by using discounted cash flow models, the primary risk inherent in valuing the MSR is the impact of fluctuating interest rates on the estimated life of the servicing revenue stream. The use of different estimates or assumptions could also produce different fair values. Trustmark has reduced the impact of this interest rate volatility by utilizing a portfolio of derivative instruments such as interest rate futures contracts and exchange-traded option contracts to achieve a return that is intended to substantially offset the changes in the fair value of MSR attributable to interest rates.

Benefit Plans

Benefit plan assets, liabilities and pension costs are determined utilizing actuarially determined present value calculations. The valuation of the benefit obligation and net periodic expense is considered critical, as it requires Management and its actuaries to make estimates regarding the amount and timing of expected cash outflows including assumptions about mortality, expected service periods, rate of compensation increases and the long-term return on plan assets. Note 13 – Pension and Other Postretirement Benefits, included in the accompanying Notes to the Consolidated Financial Statements, provides further discussion on the accounting for Trustmark’s benefit plans (pension and supplemental retirement plan) and the estimates used in determining the actuarial present value of the benefit obligations and the net periodic benefit expense.

Fair Value Accounting Estimates

Generally accepted accounting principles require the use of fair values in determining the carrying values of certain assets and liabilities, as well as for specific disclosures. The most significant include securities, derivative instruments, loans held for sale, mortgage servicing rights, identifiable intangible assets and net assets acquired in business combinations. Certain of these assets do not have a readily available market to determine fair value and require an estimate based on specific parameters. When market prices are unavailable, Trustmark determines fair values utilizing parameters, which are constantly changing, including interest rates, duration, prepayment speeds and other specific conditions. In most cases, these specific parameters require a significant amount of judgment by Management.

Contingent Liabilities

Trustmark estimates contingent liabilities based on Management's evaluation of the probability of outcomes and their ability to estimate the range of exposure. As stated by SFAS No. 5, "Accounting for Contingencies," a liability is contingent if the amount is not presently known but may become known in the future as a result of the occurrence of some uncertain future event. Accounting standards require that a liability be recorded if Management determines that it is probable that a loss has occurred, and the loss can be reasonably estimated. In addition, it must be probable that the loss will be confirmed by some future event. As part of the estimation process, Management is required to make assumptions about matters that are, by their nature, highly uncertain. The assessment of contingent liabilities, including legal contingencies and income tax liabilities, involves the use of critical estimates, assumptions and judgments. Management's estimates are based on their belief that future events will validate the current assumptions regarding the ultimate outcome of these exposures. However, there can be no assurance that future events, such as court decisions or Internal Revenue Service positions, will not differ from Management's assessments. Whenever practicable, Management consults with outside experts (attorneys, consultants, claims administrators, etc.) to assist with the gathering and evaluation of information related to contingent liabilities.

Results of Operations

Net Interest Income

Net interest income is the principal component of Trustmark’s income stream and represents the difference, or spread, between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Fluctuations in interest rates, as well as volume and mix changes in earning assets and interest-bearing liabilities, can materially impact net interest income. The net interest margin (NIM) is computed by dividing fully taxable equivalent net interest income by average interest-earning assets and measures how effectively Trustmark utilizes its interest-earning assets in relationship to the interest cost of funding them. The accompanying Yield/Rate Analysis Table shows the average balances for all assets and liabilities of Trustmark and the interest income or expense associated with earning assets and interest-bearing liabilities. The yields and rates have been computed based upon interest income and expense adjusted to a fully taxable equivalent (FTE) basis using a 35% federal marginal tax rate for all periods shown. Nonaccruing loans have been included in the average loan balances, and interest collected prior to these loans having been placed on nonaccrual has been included in interest income. Loan fees included in interest associated with the average loan balances are immaterial. As previously discussed, Trustmark acquired Republic Bancshares of Texas, Inc., during the third quarter of 2006. Accordingly, the results of this acquisition have been included in Trustmark’s average balance sheets and results of operations since the merger date of August 25, 2006.

Net interest income-FTE for 2007 increased \$17.1 million, or 5.9%, when compared with 2006. Trustmark has achieved a richer mix of earning assets when compared to the previous year with growth in higher yielding loans being funded primarily by the maturities and calls of lower yielding investment securities. In addition, the growth in core deposits has helped reduce Trustmark's dependence on higher costing wholesale funding products while providing valuable liquidity for funding earning assets when 2007 is compared with 2006. The combination of these factors resulted in a six basis point increase in NIM to 3.92%, when 2007 is compared with 2006. During 2007, Trustmark corrected an accounting error that arose in prior periods in its consolidated statements of income resulting in a pretax benefit of \$2.6 million. This error correction has been excluded from the accompanying Yield/Rate Analysis table in interest on loans for 2007. Including this error correction in 2007, Trustmark's yield on loans and earning assets was 7.38% and 7.05%, respectively, while the net interest margin was 3.96%. For additional discussion, see Market/Interest Rate Risk Management included later in Management's Discussion and Analysis.

Average interest-earning assets for 2007 were \$7.840 billion, compared with \$7.522 billion for 2006, an increase of \$318.9 million. More importantly, the mix of average earning assets changed dramatically when comparing 2007 to 2006. Average total loans during 2007 increased \$596.2 million, or 9.5%, relative to 2006, while average investment securities decreased by \$292.2 million, or 24.4%, during the same time period. Management has continued to emphasize its intention to reposition, in an orderly manner, the investment securities portfolio to a size and nature that supports the primary objectives of neutralizing earnings volatility from the effect of interest rate cycles while providing liquidity to fund higher yielding loans or reduce Trustmark's overall need for wholesale funding. Management intends to continue this strategic direction for the investment portfolio until an acceptable spread for these assets exists. This change in product mix has resulted in an increase in interest income-FTE of \$57.3 million, or 11.6%, when 2007 is compared with 2006. This impact is illustrated by the yield on total earning assets increasing from 6.55% for 2006 to 7.02% for 2007, an increase of 47 basis points.

Average interest-bearing liabilities for 2007 totaled \$6.357 billion compared with \$6.072 billion for 2006, an increase of \$284.3 million, or 4.7%. During 2007, a major change in the mix of interest-bearing liabilities was also experienced. This change is illustrated by an increase in average interest-bearing deposits of \$471.6 million, or 9.3%, compared with a decrease of \$278.6 million from wholesale funding sources such as federal funds purchased, securities sold under repurchase agreements and FHLB advances. In addition, growth in Trustmark's average noninterest-bearing deposits of \$38.0 million has also provided liquidity while helping to replace higher cost wholesale funding products. Management has made a concerted effort to promote funding from growth in core deposits, rather than other higher-cost funding sources, as a major component in improving the net interest margin and, ultimately, profitability. Growth in interest-bearing liabilities, coupled with an increase in the yield on these liabilities (48 basis points), has resulted in an increase in total interest expense for 2007 of \$40.2 million, or 19.9%, when compared with 2006.

Net interest income-FTE for 2006 increased \$4.7 million, or 1.6%, when compared with 2005. Increases in the target fed funds rate of 300 basis points throughout 2005 and 2006 resulted in increased interest income-FTE and interest expense. While interest expense on interest-bearing liabilities, primarily deposits, increased substantially, the increase in interest income on earning assets was sufficient to offset the additional interest expense. The combination of these factors resulted in a NIM of 3.86%, a decrease of two basis points when 2006 is compared with 2005.

Average interest-earning assets for 2006 were \$7.522 billion, compared with \$7.372 billion for 2005, an increase of \$149.7 million. Although showing only a minimal increase, the mix of average earning assets has changed dramatically when comparing 2006 to 2005. Average total loans during 2006 increased \$510.6 million, or 8.8%, relative to 2005 while average securities decreased by \$355.5 million, or 22.9%, during the same time period. Trustmark has utilized the liquidity created by maturing securities and core deposits to fund growth in higher yielding loans. This change in product mix combined with a rising interest rate environment has resulted in an increase in interest income-FTE of \$67.6 million, or 15.9%, when 2006 is compared with 2005. This impact is illustrated by the yield on total earning assets increasing from 5.77% for the year ended December 31, 2005, to 6.55% for 2006, an increase of 78 basis points.

Average interest-bearing liabilities for 2006 totaled \$6.072 billion compared with \$6.063 billion for 2005, an increase of \$9.9 million, or 0.2%. Trustmark's ability to attract core deposits has also resulted in a major change in the mix of interest-bearing liabilities. This change is illustrated by the increase in average interest-bearing deposits of \$706.3 million, or 16.3%, compared with a decrease of \$724.9 million from wholesale funding sources. Management considers this repositioning in the components of interest-bearing liabilities as a major reason for the improvement in the net interest margin seen during 2006. The rising interest rate environment also impacted yields on interest-bearing liabilities during 2006, which resulted in an increase in total interest expense of \$62.9 million, or 45.2%, when compared with 2005.

Yield/Rate Analysis Table
(\$ in thousands)

	Years Ended December 31,								
	2007			2006			2005		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Interest-earning assets:									
Federal funds sold and securities purchased under reverse repurchase agreements	\$ 40,850	\$ 2,147	5.26%	\$ 26,004	\$ 1,327	5.10%	\$ 31,399	\$ 994	3.17%
Securities available for sale:									
Taxable	573,940	22,367	3.90%	846,718	31,565	3.73%	1,211,230	44,592	3.68%
Nontaxable	50,763	3,539	6.97%	57,720	4,028	6.98%	62,970	4,545	7.22%
Securities held to maturity:									
Taxable	195,468	9,417	4.82%	200,501	10,010	4.99%	188,133	9,639	5.12%
Nontaxable	86,030	6,404	7.44%	93,439	7,007	7.50%	91,592	6,924	7.56%
Loans (including loans held for sale) (*)	6,893,402	506,159	7.34%	6,297,161	438,817	6.97%	5,786,560	358,458	6.19%
Total interest-earning assets	7,840,453	550,033	7.02%	7,521,543	492,754	6.55%	7,371,884	425,152	5.77%
Cash and due from banks	287,113			327,320			336,238		
Other assets	790,636			653,549			566,756		
Allowance for loan losses	(72,365)			(74,924)			(68,395)		
Total Assets	\$8,845,837			\$8,427,488			\$8,206,483		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Interest-bearing demand deposits	\$1,186,683	39,217	3.30%	\$1,003,649	26,875	2.68%	\$1,088,107	15,275	1.40%
Savings deposits	1,708,378	38,977	2.28%	1,677,921	31,037	1.85%	1,262,059	10,692	0.85%
Time deposits	2,625,327	122,181	4.65%	2,367,263	95,928	4.05%	1,992,358	55,993	2.81%
Federal funds purchased and securities sold under repurchase agreements									
	447,438	20,224	4.52%	471,386	20,228	4.29%	668,389	19,138	2.86%
Short-term borrowings	269,102	13,723	5.10%	520,942	25,965	4.98%	892,570	32,656	3.66%
Long-term FHLB advances	-	-	-	2,825	104	3.68%	159,103	5,502	3.46%
Subordinated notes	49,692	2,894	5.82%	2,586	138	5.34%	-	-	-
Junior subordinated debt securities	70,104	5,144	7.34%	25,895	1,900	7.34%	-	-	-
Total interest-bearing liabilities	6,356,724	242,360	3.81%	6,072,467	202,175	3.33%	6,062,586	139,256	2.30%
Noninterest-bearing demand deposits	1,455,494			1,417,470			1,310,597		
Other liabilities	130,244			136,674			90,353		
Shareholders' equity	903,375			800,877			742,947		
Total Liabilities and Shareholders' Equity	\$8,845,837			\$8,427,488			\$8,206,483		
Net Interest Margin		307,673	3.92%		290,579	3.86%		285,896	3.88%
Correction of accounting error		2,628			-			-	
Less tax equivalent adjustments:									
Investments		3,480			3,862			4,014	
Loans		6,038			6,146			5,441	
Net Interest Margin per Annual Report		\$300,783			\$280,571			\$276,441	

* - Interest on Loans includes Other Interest Income

Provision for Loan Losses

The provision for loan losses is determined by Management as the amount necessary to adjust the allowance for loan losses to a level, which, in Management's best estimate, is necessary to absorb probable losses within the existing loan portfolio. The provision for loan losses reflects loan quality trends, including the levels of and trends related to nonaccrual loans, past due loans, potential problem loans, criticized loans, net charge-offs or recoveries and growth in the loan portfolio among other factors. Accordingly, the amount of the provision reflects both the necessary increases in the allowance for loan losses related to newly identified criticized loans, as well as the actions taken related to other loans including, among other things, any necessary increases or decreases in required allowances for specific loans or loan pools. The provision for loan losses during 2007 totaled \$23.8 million compared with a benefit of \$5.9 million during 2006 and an expense of \$19.5 million during 2005.

Trustmark's provision for loan losses for 2007 was impacted by an increase of \$28.8 million in nonperforming loans when compared with

December 31, 2006, which is primarily due to weakening of homebuilder credit quality in Trustmark's Florida Panhandle market. The provision for loan losses, excluding Katrina, was an expense of \$23.1 million in 2007, \$1.7 million in 2006 and \$9.7 million in 2005.

While Trustmark is not a sub-prime lender, it is not immune to the credit and market conditions facing the financial services industry. Also, as mentioned above, Trustmark has experienced a weakening in its residential real estate portfolio, specifically in the Florida Panhandle market. As a result of these conditions, net charge-offs totaled \$16.0 million in 2007, as compared to \$4.0 million in 2006 and \$7.6 million in 2005. Net charge-offs related to Katrina in all periods presented were not material. Net charge-offs represented 0.23% of average loans for 2007, compared with 0.06% in 2006 and 0.13% in 2005.

See the section captioned “Loans and Allowance for Loan Losses” elsewhere in this discussion for further analysis of the provision for loan losses, which includes the table of nonperforming assets.

Noninterest Income

(\$ in thousands)

	2007		2006		2005	
	Amount	% Change	Amount	% Change	Amount	% Change
Service charges on deposit accounts	\$ 54,179	1.8%	\$ 53,212	4.3%	\$ 51,019	-9.3%
Insurance commissions	35,286	4.2%	33,871	2.6%	33,006	85.4%
Wealth management	25,755	11.1%	23,183	7.4%	21,579	6.2%
General banking-other	24,876	8.8%	22,867	9.8%	20,835	12.8%
Mortgage banking, net	12,024	19.9%	10,030	71.6%	5,845	-31.8%
Other, net	10,215	1.7%	10,043	-30.6%	14,467	100.0%
Total Noninterest Income before securities gains (losses), net	162,335	6.0%	153,206	4.4%	146,751	14.1%
Securities gains (losses), net	112	n/m	1,922	n/m	(3,644)	n/m
Total Noninterest Income	\$ 162,447	4.7%	\$ 155,128	8.4%	\$ 143,107	15.4%

n/m - not meaningful

Noninterest Income

Trustmark’s noninterest income continues to show consistent growth and plays an important role in improving net income and total shareholder value. Total noninterest income before securities gains (losses), net for 2007 increased \$9.1 million, or 6.0%, compared to 2006, while total noninterest income before securities gains (losses), net for 2006 increased \$6.5 million, or 4.4%, compared to 2005. As mentioned in the other income, net discussion below, during 2005, Trustmark sold its merchant service portfolio for a gain of \$5.75 million. Excluding the sale of Trustmark’s merchant service portfolio, Trustmark’s noninterest income before securities gains (losses), net for 2006 increased 8.7% when compared to 2005. The comparative components of noninterest income for the years ended December 31, 2007, 2006 and 2005, are shown in the accompanying table.

The single largest component of noninterest income continues to be service charges for deposit products and services, which increased \$1.0 million, or 1.8%, during 2007 and \$2.2 million, or 4.3%, during 2006. Service charges on deposit accounts declined by \$1.2 million in 2007 and \$1.8 million in 2006 due to the migration of accounts without fees, while NSF fees increased by \$2.1 million during 2007 and \$4.1 million during 2006 due to increased rates and usage. Revenues from service charges during both 2007 and 2006 were negatively impacted by the increased usage of accounts that do not charge a monthly fee and increased usage of electronic transactions. However, these factors have been more than offset by revenues generated by an increase in fees charged on NSF items and changes to Trustmark’s overdraft policies during both 2007 and 2006.

Insurance commissions were \$35.3 million during 2007, compared with \$33.9 million in 2006 and \$33.0 million in 2005. The growth of \$1.4 million, or 4.2%, during 2007 results from increased premium rates caused by Katrina, additional reserves attributable to growth in premium volume and a corresponding decrease in insurance claims, as well as new relationships. The increase in insurance commissions during 2006, which grew by \$0.9 million, or 2.6%, is attributable to an increase in rates along the Gulf Coast and the Florida Panhandle as well as growth in new accounts.

Wealth management income totaled \$25.8 million for 2007, compared with \$23.2 million in 2006 and \$21.6 million in 2005. Wealth management consists of income related to investment management, trust and brokerage services. The growth in wealth management income during 2007 is largely attributed to an increase in trust and investment management fee income resulting from new account growth. In addition, revenues from brokerage services have increased due to solid production and the addition of new investment representatives. At December 31, 2007 and 2006, Trustmark held assets under management and administration of \$7.3 billion and \$7.0 billion, respectively, and brokerage assets of \$1.3 billion and \$1.2 billion, respectively. During 2006, the increase in wealth management income can also be attributed to an increase in trust and management fee income from new account growth as well as an increased presence of wealth management teams in Florida; Houston, Texas; and Memphis, Tennessee; and the creation of the Wealth Management Center in Jackson, Mississippi.

General banking-other totaled \$24.9 million during 2007, compared with \$22.9 million in 2006 and \$20.8 million in 2005. General banking-other income consists primarily of fees on various bank products and services as well as bankcard fees and safe deposit box fees. General banking fees and commissions increased by \$1.6 million in 2007 as a result of growth in transaction-based fee revenue. The major component of bankcard fees involves interchange income earned on electronic transactions related to debit cards and ATMs. In 2007, these card fees increased by \$0.5 million compared to an increase of \$1.0 million in 2006. These increased revenues can be attributed primarily to continued strong growth in the usage of Trustmark's debit and credit cards.

The following table illustrates the components of mortgage banking revenues included in noninterest income in the accompanying income statements:

Mortgage Banking Income
(\$ in thousands)

	2007		2006		2005	
	Amount	% Change	Amount	% Change	Amount	% Change
Mortgage servicing income, net	\$ 14,184	7.1%	\$ 13,248	6.7%	\$ 12,411	-0.5%
Change in fair value-MSR from market changes	(9,466)	n/m	3,122	n/m	-	n/m
Change in fair value-MSR from runoff	(9,343)	5.2%	(9,858)	n/m	-	n/m
Change in fair value of derivatives	10,644	n/m	(2,298)	n/m	-	n/m
Gain on sales of loans	5,659	2.8%	5,505	352.0%	1,218	-71.6%
Amortization of MSR	-	n/m	-	n/m	(10,465)	11.5%
Recovery of MSR impairment	-	n/m	-	n/m	2,043	-26.8%
Other, net	346	11.3%	311	-51.3%	638	-25.3%
Mortgage banking, net	<u>\$ 12,024</u>	19.9%	<u>\$ 10,030</u>	71.6%	<u>\$ 5,845</u>	-31.8%

n/m - not meaningful

Net revenues from mortgage banking were \$12.0 million during 2007, compared with \$10.0 million in 2006 and \$5.8 million in 2005. As shown in the accompanying table, net mortgage banking income has increased \$2.0 million, or 19.9%, when 2007 is compared with 2006, and \$4.2 million, or 71.6%, when 2006 is compared with 2005.

Mortgage servicing income, net increased to \$14.2 million for 2007, compared to \$13.2 million in 2006 and \$12.4 million in 2005. This increase of \$0.9 million, or 7.1%, coincides with growth in the balance of the mortgage servicing portfolio. Loans serviced for others totaled \$4.6 billion at December 31, 2007, compared with \$4.1 billion at December 31, 2006, and \$3.7 billion at December 31, 2005.

During 2006, Trustmark began utilizing derivative instruments such as Treasury note futures contracts and exchange-traded option contracts to offset changes in the fair value of mortgage servicing rights (MSR) attributable to changes in interest rates. The purpose of utilizing derivative instruments was to offset changes in the fair value of MSR, which caused significant fluctuations in mortgage banking income in prior periods because of the recognition or recovery of MSR impairment. Changes in the fair value of these derivative instruments are recorded in mortgage banking income and are offset by the changes in the fair value of MSR, as shown in the accompanying table. MSR fair values represent the effect of present value decay and the effect of changes in interest rates. Ineffectiveness of hedging MSR fair value is measured by comparing total hedge cost to the fair value of the MSR asset attributable to interest rate changes. During 2007, the impact of implementing this strategy resulted in a net positive ineffectiveness of \$1.2 million compared with net negative ineffectiveness of \$0.2 million during 2006. Changes in the fair value of MSR from present value decay, also referred to as "runoff," reduced total mortgage banking income by \$9.3 million and \$9.9 million for 2007 and 2006, respectively.

Prior to January 1, 2006, Trustmark's purchased servicing rights were capitalized at cost. For loans originated and sold where the servicing rights had been retained, Trustmark allocated the cost of the loans and servicing rights based on their relative fair values. MSR were amortized over the estimated period of the related net servicing income. MSR were evaluated quarterly for impairment and recorded as a valuation allowance. Impairment occurred when the estimated fair value of the MSR fell below its carrying value.

Representing a significant component of mortgage banking income are gains on the sales of loans, which equaled \$5.7 million in 2007 compared with \$5.5 million in 2006 and \$1.2 million in 2005. The 2007 growth in the gain on sales of loans coincides with an increase in loan sales from secondary marketing activities of approximately \$64.0 million when 2007 is compared with 2006. The 2006 increase is due to the volume of loans sold in which Trustmark retained the servicing rights as well as Katrina accruals of \$0.9 million released in 2006. The impact of Katrina resulted in losses on sales of loans of \$0.8 million, which further reduced the gain on the sales of loans for 2005.

Other income, net was \$10.2 million in 2007, compared with \$10.0 million in 2006 and \$14.5 million in 2005. The primary component of other income is fees related to services provided to non-retail corporate customers. These fees totaled \$6.0 million in 2007, \$5.7 million in 2006 and \$3.8 million in 2005. These increases are the direct results of an increase in the number of clients utilizing services such as cash management and sweep accounts. The reduction in other income, net during 2006 resulted primarily from Trustmark's sale of its existing payment processing portfolio to NOVA Information Systems for a pretax gain of \$5.75 million during 2005.

Securities gains totaled \$112 thousand during 2007 compared with \$1.9 million during 2006. The securities gains for 2006 came primarily from a voluntary redemption of an investment in one of the family of Performance mutual funds that was originally funded by Trustmark.

Noninterest Expense

(\$ in thousands)

	2007		2006		2005	
	Amount	% Change	Amount	% Change	Amount	% Change
Salaries and employee benefits	\$ 170,722	6.9%	\$ 159,690	6.6%	\$ 149,817	12.8%
Services and fees	37,259	1.6%	36,659	7.8%	34,003	-3.5%
Net occupancy-premises	18,517	8.2%	17,120	12.0%	15,280	1.7%
Equipment expense	16,039	7.7%	14,899	-1.9%	15,180	1.2%
Other expense	33,912	5.6%	32,112	10.7%	28,996	6.4%
Total Noninterest Expense	<u>\$ 276,449</u>	6.1%	<u>\$ 260,480</u>	7.1%	<u>\$ 243,276</u>	8.0%

Noninterest Expense

Trustmark's noninterest expense for 2007 increased \$16.0 million, or 6.1%, compared to 2006, while total noninterest expense for 2006 increased \$17.2 million, or 7.1%, compared to 2005. Excluding the impact of the business combination with Republic, the adjusted 2007 increase in noninterest expense was \$8.0 million, or 3.1%, while the adjusted 2006 increase was \$11.5 million, or 4.7%. The comparative components of noninterest expense for 2007, 2006 and 2005 are shown in the accompanying table.

Management considers expense control a key area of focus in the support of improving shareholder value. As such, Trustmark initiated an enhanced and proactive expense management process during the first quarter of 2007 that has significantly reduced noninterest expense by approximately \$6.6 million. The success of this initiative is due in part to technology enhancements, vendor and contract management programs and human capital management. Trustmark remains committed to identifying reengineering and efficiency opportunities designed to enhance shareholder value.

Salaries and employee benefits, the largest category of noninterest expense, were \$170.7 million in 2007, \$159.7 million in 2006 and \$149.8 million in 2005. Included in the 2007 increase of \$11.0 million are approximately \$8.0 million in salaries and benefits resulting from the Republic business combination. Adjusted for Republic, salaries and benefits increased \$3.0 million, or 1.9%, which reflects general merit increases, the higher cost of performance-based incentive costs and additional costs associated with Trustmark's medical insurance plan. Also in 2007, Trustmark began a human capital management initiative in order to reduce salaries and employee benefits. Trustmark achieved 87% of its target reduction, and as a result, decreased salaries by \$3.6 million. This can also be seen in the reduction in FTE employees from 2,707 at December 31, 2006, to 2,612 at December 31, 2007.

Services and fees for 2007 increased \$0.6 million, or 1.6%, when compared with 2006, while an increase of \$2.7 million, or 7.8%, occurred when 2006 is compared with 2005. As part of the reengineering process mentioned above, Trustmark completed the implementation of remote branch capture during 2007 for its Florida, Texas and Memphis, Tennessee, locations. As a result, transportation costs have been significantly reduced as air transportation has been eliminated from the check clearing process. Also during 2007, Trustmark completed technology upgrades which have allowed for the exchange of fully imaged cash letters with the Federal Reserve and other upstream correspondent banks, thus reducing overall check clearing costs while improving funds availability. These cost savings were offset by additional expenses associated with the initial implementation of technology enhancements as a result of Trustmark's initiative to proactively manage noninterest expense. During 2006, while expanding its brand into new markets, Trustmark increased its advertising costs by \$1.4 million, or 37.5%, in addition to increasing costs related to communication, technology and services by \$1.2 million, or 4.1%.

The combined growth in net occupancy-premises expense and equipment expense for 2007 was \$2.5 million, or 7.9%, compared with an increase of \$1.6 million, or 5.1%, in 2006. Growth in these expense categories can be attributed to Trustmark's continued investment in expanding its market base. This can be seen by the opening of five new banking centers during 2007 and seven new banking centers during 2006. These new banking centers are the primary reason for the increase seen in both years, which resulted primarily from growth in rental expense, advalorem and personal property taxes, depreciation and data processing expenses. Trustmark's plans call for the opening of six new banking centers during 2008.

During 2007, other expenses increased \$1.8 million, or 5.6%, while in 2006 other expenses increased \$3.1 million, or 10.7%. The growth in other expenses during 2007 can be attributed to an accrual for expenses due to the Visa antitrust litigation as well as additional intangible amortization related to the Republic business combination and increased operational expenses resulting from the growth in Trustmark's loan portfolio. During the fourth quarter of 2007, Trustmark accrued \$800 thousand for the Visa litigation contingency relating to the VISA USA Inc. antitrust lawsuit settlement with American Express, as well as other pending Visa litigation (reflecting Trustmark's share as a Visa member). This expense is expected to be offset in the future by a gain that would be recognized upon Visa's completion of its initial public offering. The 2006 increase in other expenses can be attributed to various line items including amortization of intangibles from the Republic business combination of \$0.9 million, an operational loss of \$1.0 million and an increase in general other expenses of \$1.2 million.

Income Taxes

For the year ended December 31, 2007, Trustmark's combined effective tax rate was 33.4% compared to 34.2% in 2006 and 34.3% in 2005. The decrease in Trustmark's effective tax rate was primarily due to the finalization of Trustmark's 2006 consolidated income tax returns which derived from the utilization of tax credits available to employers operating in the Hurricane Katrina Gulf Opportunity Zone.

Segment Information

Results of Segment Operations

Trustmark's operations are managed along three operating segments: general banking division, insurance division and the wealth management division. The administration segment incorporates Trustmark's treasury function with various nonallocated corporate operation business units. A description of each segment and the methodologies used to measure financial performance is described in Note 19 – Segment Information in the accompanying Notes to the Consolidated Financial Statements included elsewhere in this report. Consolidated net income for 2007, 2006 and 2005 includes the impact of Katrina. Net income (loss) by operating segment is presented below (\$ in thousands):

	2007	2006	2005
General Banking	\$ 104,092	\$ 115,847	\$ 105,183
Insurance	6,908	6,663	6,159
Wealth Management	6,850	5,648	4,649
Administration	(9,255)	(8,885)	(13,040)
Consolidated Net Income	<u>\$ 108,595</u>	<u>\$ 119,273</u>	<u>\$ 102,951</u>

General Banking

The general banking division is responsible for all traditional banking products and services including a full range of commercial and consumer banking services such as checking accounts, savings programs, overdraft facilities, commercial, installment and real estate loans, home equity loans and lines of credit, drive-in and night deposit services and safe deposit facilities offered through over 150 offices in Florida, Mississippi, Tennessee and Texas.

Net income for the general banking division decreased by \$11.8 million during 2007, or 10.2%, compared with 2006. The 2007 decrease primarily resulted from an increase in the provision for loan losses of \$19.7 million and an increase in noninterest expense of \$10.8 million, offset by increases of net interest income and noninterest income of \$6.2 million and \$6.3 million, respectively. The 2007 provision for loan losses in the general banking division was impacted by an increase in nonperforming loans resulting from a weakening of home builder credit quality in Trustmark's Florida Panhandle market. Noninterest income grew by \$6.3 million, or 6.6%, in 2007 and is primarily attributable to an increase in NSF fees, credit card settlement and interchange fees and the mortgage banking hedge. The growth in noninterest expense in 2007 totaled \$10.8 million, or 5.8%, and resulted from branch expansion and increases in general expenses including salaries and benefits. Adjusted for the Republic business combination, the increase in noninterest expenses for 2007 would have been \$2.6 million, or 1.5%.

During 2006, net income for the general banking division increased by \$10.7 million, or 10.1%, compared with 2005, primarily resulting from an increase in net interest income of \$22.4 million, a reduction in the provision for loan losses of \$4.1 million offset by additional noninterest expenses of \$12.8 million. The general banking division's provision for loan losses represented net charge-offs for 2006 and 2005 and totaled \$3.7 million and \$7.8 million, respectively. The growth in noninterest expense totaled \$12.8 million, or 7.4%, in 2006. The increase in noninterest expenses for 2006 adjusted for the Republic business combination was \$7.1 million, or 4.1%, and can be attributed to growth in general expenses, primarily salaries and benefits as well as net occupancy and equipment expenses.

Insurance

Trustmark's insurance division includes two wholly-owned subsidiaries of TNB: Bottrell and Fisher-Brown. Through Bottrell and Fisher-Brown, Trustmark provides a full range of retail insurance products, including commercial risk management products, bonding, group benefits and personal lines coverages.

Net income increased \$245 thousand, or 3.7%, in 2007, compared to \$0.5 million, or 8.2%, in 2006. The growth for 2007 is related to increased premium rates caused by Katrina, additional reserves attributable to growth in premium volume and a corresponding decrease in insurance claims, as well as new relationships.

Wealth Management

Trustmark's wealth management division has been strategically organized to serve our customers as a financial partner providing reliable guidance and sound, practical advice for accumulating, preserving and transferring wealth. Several wholly-owned subsidiaries of TNB are included in Wealth Management. Trustmark Investment Advisors, Inc., is a registered investment adviser that provides investment management services to individual and institutional accounts as well as The Performance Fund Family of Mutual Funds. TRMK Risk Management, Inc., acts as an agent to provide life, long-term care and disability insurance services for wealth management clients.

Net income growth within the wealth management division for 2007 was \$1.2 million, or 21.3%, compared to \$1.0 million, or 21.5%, in 2006. Wealth management revenues are primarily fee generated. In 2007 and 2006, total noninterest income grew by \$2.7 million, or 11.6%, and \$1.5 million, or 6.7%, respectively. In 2007, net interest income decreased by approximately \$60 thousand, while it increased by \$0.5 million in 2006. These fluctuations in net interest income are the direct result of changes in the internal crediting rates for funding deposit accounts within the wealth management division.

Administration

Trustmark's administration division includes all other activities that are not directly attributable to one of the major lines of business. The administration division consists of internal operations such as Human Resources, Executive Administration, Treasury (Funds Management), Sponsorships/Donations and Corporate Finance. Business units include Treasury Administration, Controller's Division, Public Affairs, Employee Relations, Employee Benefits, HR Information Systems, Compensation, Payroll and Non-Allocated Administration. Included in the Non-Allocated administration unit are expenses related to mergers, hurricane relief, mark-to-market adjustments on loans and deposits, general incentives, stock options and amortization of core deposits. These business units are support-based in nature and are largely responsible for general overhead expenditures that are not allocated to the other segments.

Net loss for the administration division totaled \$9.3 million in 2007, \$8.9 million in 2006 and \$13.0 million in 2005. The 2007 increase in administration net loss results from several factors. In 2007, net interest income totaled \$19.1 million, representing an increase of \$14.0 million, resulting from a significant increase in internal funding brought on by a change in internal funding rates. This increase in internal funding was offset by a significant rise in the provision for loan losses of \$10.0 million, which is attributable to significant Katrina recoveries in 2006. The change in segment loss during 2006 can be attributed primarily to a reduction in net interest income of \$18.8 million. This decrease was caused by a specific runoff of approximately \$252.1 million in securities, as well as a change in internal funding rates for deposit funding sources. However, an improvement in revenues from noninterest income, a reduction in the provision for loan losses and the recovery of mortgage-related charges related to Katrina more than offset the decrease in net interest income.

Liquidity

Liquidity is the ability to meet asset funding requirements and operational cash outflows in a timely manner, in sufficient amount and without excess cost. Consistent cash flows from operations and adequate capital provide internally generated liquidity. Furthermore, Management maintains funding capacity from a variety of external sources to meet daily funding needs, such as those required to meet deposit withdrawals, loan disbursements and security settlements. Liquidity strategy also includes the use of wholesale funding sources to provide for the seasonal fluctuations of deposit and loan demand and the cyclical fluctuations of the economy that impact the availability of funds. Management keeps excess funding capacity available to meet potential demands associated with adverse circumstances.

The primary sources of liquidity on the asset side of the balance sheet are maturities and cash flows from loans and securities, as well as the ability to sell certain loans and securities. Liquidity on the liability side of the balance sheet is generated primarily through growth in core deposits. To provide additional liquidity, Trustmark utilizes economical short-term wholesale funding arrangements for federal funds purchased and securities sold under repurchase agreements in both regional and national markets. At December 31, 2007, Trustmark estimated gross fed funds borrowing capacity at \$1.616 billion, compared to \$1.505 billion at December 31, 2006. In addition, Trustmark maintains a borrowing relationship with the FHLB, which provided \$375.0 million in short-term advances at December 31, 2007, compared with \$202.5 million at December 31, 2006. These advances are collateralized by a blanket lien on Trustmark's single-family, multi-family, home equity and commercial mortgage loans. Under the existing borrowing agreement, Trustmark has \$928.6 million available in unused FHLB advances. Another borrowing source is the Federal Reserve Discount Window (Discount Window). At December 31, 2007, Trustmark had approximately \$712.5 million available in collateral capacity at the Discount Window from pledges of auto loans and securities, compared with \$586.4 million available at December 31, 2006. In September 2006, Trustmark renewed a two-year revolving line of credit facility in the amount of \$50.0 million. At December 31, 2007, Trustmark had \$7.0 million outstanding on this line of credit.

During 2006, TNB issued \$50.0 million aggregate principal amount of Subordinated Notes (the Notes) due December 15, 2016. At December 31, 2007, the carrying amount of the Notes was \$49.7 million. The Notes were sold pursuant to the terms of regulations issued by the Office of the Comptroller of the Currency (OCC) and in reliance upon an exemption provided by the Securities Act of 1933, as amended. The Notes are unsecured and subordinate and junior in right of payment to TNB's obligations to its depositors, its obligations under bankers' acceptances and letters of credit, its obligations to any Federal Reserve Bank or the FDIC and its obligations to its other creditors, and to any rights acquired by the FDIC as a result of loans made by the FDIC to TNB. The Notes, which are not redeemable prior to maturity, qualify as Tier 2 capital for both TNB and Trustmark. Proceeds from the sale of the Notes were used for general corporate purposes.

Also during 2006, Trustmark completed a private placement of \$60.0 million of trust preferred securities through a newly formed Delaware trust affiliate, Trustmark Preferred Capital Trust I, (the Trust). The trust preferred securities mature September 30, 2036, and are redeemable at Trustmark's option beginning after five years. Under applicable regulatory guidelines, these trust preferred securities qualify as Tier 1 capital. The proceeds from the sale of the trust preferred securities were used by the Trust to purchase \$61.856 million in aggregate principal amount of Trustmark's junior subordinated debentures. The net proceeds to Trustmark from the sale of the junior subordinated debentures to the Trust were used to assist in financing Trustmark's merger with Republic.

Another funding mechanism set into place during 2006 was Trustmark's grant of a Class B banking license from the Cayman Islands Monetary Authority. Subsequently, Trustmark established a branch in the Cayman Islands through an agent bank. The branch was established as a mechanism to attract dollar-denominated foreign deposits (i.e. Eurodollars) as an additional source of funding. At December 31, 2007, Trustmark had no Eurodollar deposits outstanding.

Trustmark also has available its "shelf" registration statement filed on Form S-3 with the Securities and Exchange Commission (SEC) as another possible source of liquidity. Under this shelf process, Trustmark may, from time to time, offer any combination of securities described in the prospectus in one or more offerings up to a total amount of \$200.0 million. The securities described in the prospectus include common and preferred stock, depositary shares, debt securities, junior subordinated debt securities and trust preferred securities. Net proceeds from the sales of the offered securities may be used to redeem or repurchase outstanding securities, repay outstanding debt, finance acquisitions of companies and other assets and provide working capital.

The Board of Directors currently has the authority to issue up to 20 million preferred shares with no par value. The ability to issue preferred shares in the future will provide Trustmark with additional financial and management flexibility for general corporate and acquisition purposes. At December 31, 2007, no such shares have been issued.

Liquidity position and strategy are reviewed regularly by the Asset/Liability Committee and continuously adjusted in relationship to Trustmark's overall strategy. Management believes that Trustmark has sufficient liquidity and capital resources to meet presently known cash flow requirements arising from ongoing business transactions.

Capital Resources

At December 31, 2007, Trustmark's shareholders' equity was \$919.6 million, an increase of \$28.3 million, or 3.2%, from its level at December 31, 2006. During 2007, net income increased shareholders' equity by \$108.6 million, which was partially offset by shares repurchased at a cost of \$38.9 million and dividends paid of \$51.5 million. Trustmark utilizes a sophisticated capital model in order to provide Management with a monthly tool for analyzing changes in its strategic capital ratios. This allows Management to hold sufficient capital to provide for growth opportunities and protect the balance sheet against sudden adverse market conditions, while maintaining an attractive return on equity to shareholders.

Common Stock Repurchase Program

At December 31, 2007, Trustmark had remaining authorization for the repurchase of up to 1.4 million shares of its common stock. Collectively, the capital management plans adopted by Trustmark since 1998 have authorized the repurchase of 24.3 million shares of common stock. Pursuant to these plans, Trustmark has repurchased approximately 22.7 million shares for \$518.1 million, including 1.4 million shares during 2007.

Dividends

Dividends for the year ended December 31, 2007, were \$0.89 per share, an increase of 4.7%, when compared with dividends of \$0.85 per share for the prior year. During October 2007, Trustmark's Board of Directors announced a 4.55% increase in its regular quarterly dividend to \$0.23 per share from \$0.22 per share. The Board declared the dividend payable on December 15, 2007, to shareholders of record as of December 1, 2007. This action raises the indicated annual dividend rate to \$0.92 per share from \$0.88 per share and marks the 25th consecutive increase in Trustmark's annual dividend.

Regulatory Capital

Trustmark and TNB are subject to minimum capital requirements, which are administered by various federal regulatory agencies. These capital requirements, as defined by federal guidelines, involve quantitative and qualitative measures of assets, liabilities and certain off-balance sheet instruments. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the financial statements of both Trustmark and TNB. Trustmark aims not only to exceed the minimum capital standards but also the well-capitalized guidelines for regulatory capital. Management believes, as of December 31, 2007, that Trustmark and TNB have exceeded all of the minimum capital standards for the parent company and its primary banking subsidiary as established by regulatory requirements. At December 31, 2007, Management also believes that TNB has met applicable regulatory guidelines to be categorized as well-capitalized. To be categorized in this manner, TNB must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the accompanying table. There are no significant conditions or events that have occurred since December 31, 2007, which Management believes have affected TNB's present classification.

In addition, during 2006, Trustmark enhanced its capital structure with the issuance of trust preferred securities and Subordinated Notes. For regulatory capital purposes, the trust preferred securities qualify as Tier 1 capital, while the Subordinated Notes qualify as Tier 2 capital. The addition of these capital instruments provided Trustmark a cost effective manner in which to manage shareholders' equity and enhance financial flexibility.

Regulatory Capital Table
(\$ in thousands)

	Actual Regulatory Capital		Minimum Regulatory Capital Required		Minimum Regulatory Provision to be Well-Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
At December 31, 2007:						
Total Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 805,649	10.93%	\$ 589,509	8.00%	n/a	n/a
Trustmark National Bank	781,725	10.75%	581,482	8.00%	\$ 726,852	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 676,089	9.17%	\$ 294,755	4.00%	n/a	n/a
Trustmark National Bank	658,059	9.05%	290,741	4.00%	\$ 436,111	6.00%
Tier 1 Capital (to Average Assets)						
Trustmark Corporation	\$ 676,089	7.86%	\$ 257,950	3.00%	n/a	n/a
Trustmark National Bank	658,059	7.79%	253,425	3.00%	\$ 422,375	5.00%
At December 31, 2006:						
Total Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 771,477	11.40%	\$ 541,412	8.00%	n/a	n/a
Trustmark National Bank	750,745	11.26%	534,331	8.00%	\$ 667,914	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Trustmark Corporation	\$ 649,702	9.60%	\$ 270,706	4.00%	n/a	n/a
Trustmark National Bank	634,694	9.52%	267,165	4.00%	\$ 400,748	6.00%
Tier 1 Capital (to Average Assets)						
Trustmark Corporation	\$ 649,702	7.65%	\$ 254,856	3.00%	n/a	n/a
Trustmark National Bank	634,694	7.60%	250,872	3.00%	\$ 418,120	5.00%

Earning Assets

Earning assets serve as the primary revenue streams for Trustmark and are comprised of securities, loans, federal funds sold and securities purchased under resale agreements. At December 31, 2007, earning assets were \$7.924 billion, or 88.4% of total assets, compared with \$7.736 billion, or 87.5% of total assets, at December 31, 2006, an increase of \$187.4 million, or 2.4%.

Securities

Over the past few years, as a result of diminishing opportunities in the bond market, Management has continually deemphasized the use of investment securities as a major contributor to net interest income. Instead, Trustmark has maintained investment balances for the use of collateral for public deposit relationships and as a tool to manage the effect of interest rate changes on the net interest margin. As Management continues its strategy of exiting certain assets and reducing balances of funding sources, it will also constantly reevaluate its collateral needs and interest rate risk profile before reinvestment of securities occur. Net proceeds from sales and maturities of securities have been used to reduce balances of higher-cost funding sources and as a funding source for loan growth. During 2007, Trustmark continued to deemphasize the holding of investment securities, as seen in the decrease in the overall balance of \$333.1 million, or 31.7%, when compared to December 31, 2006.

Management uses the securities portfolio as a tool to control exposure to interest rate risk. Interest rate risk can be adjusted by altering both the duration of the portfolio and the balance of the portfolio. Trustmark has maintained a strategy of offsetting potential exposure to higher interest rates by keeping both the duration and the balances of investment securities at relatively low levels. The estimated duration of the portfolio was 1.77 years at December 31, 2007, as compared to 1.97 years at December 31, 2006.

Available for sale (AFS) securities are carried at their estimated fair value with unrealized gains or losses recognized, net of taxes, in accumulated other comprehensive loss, a separate component of shareholders' equity. At December 31, 2007, AFS securities totaled \$442.3 million, which represented 61.7% of the securities portfolio, compared to \$758.3 million, or 72.2%, at December 31, 2006. At December 31, 2007, net unrealized losses on AFS securities of \$1.2 million, net of \$0.4 million of deferred income taxes, were included in accumulated other comprehensive loss, compared with net unrealized losses of \$11.4 million, net of \$4.4 million in deferred income taxes, at December 31, 2006. At December 31, 2007, AFS securities consisted of U.S. Treasury securities, obligations of states and political subdivisions, mortgage related securities and corporate securities.

Held to maturity (HTM) securities are carried at amortized cost and represent those securities that Trustmark both intends and has the ability to hold to maturity. At December 31, 2007, HTM securities totaled \$275.1 million and represented 38.3% of the total portfolio, compared with \$292.2 million, or 27.8%, at the end of 2006.

Management continues to focus on asset quality as one of the strategic goals of the securities portfolio, which is evidenced by the investment of approximately 79% of the portfolio in obligations of the U.S. Treasury and other U.S. Government agencies, as well as other AAA-rated securities. All of the securities in the portfolio are considered to be investment grade or better.

Loans and Allowance for Loan Losses

Loans and loans held for sale represented 90.7% of earning assets at December 31, 2007, compared with 86.1% at December 31, 2006. Average loans (including loans held for sale) were \$6.893 billion for 2007, an increase of \$596.2 million, or 9.5%, when compared with 2006. During 2007, commercial and consumer loan growth was well-diversified, while the disciplined reduction in Trustmark's home mortgage loan portfolio continued. From a geographic perspective, loan growth for 2007 was most pronounced in Trustmark's Houston, Texas; Jackson, Mississippi, and South Mississippi markets. Trustmark's successful expansion into higher growth markets is reflected in its loan portfolio. At the end of 2007, Trustmark's Houston, Texas, Florida Panhandle and Memphis, Tennessee, loan portfolios represented 11%, 10% and 7% of total loans, respectively.

Trustmark makes loans in the normal course of business to certain directors, their immediate families and companies in which they are principal owners. Such loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than the normal risk of collectibility at the time of the transaction.

The allowance for loan losses is established through provisions for estimated loan losses charged against net income. The allowance reflects Management's best estimate of the probable loan losses related to specifically identified loans, as well as probable incurred loan losses in the remaining loan portfolio and requires considerable judgement. The allowance is based upon Management's current judgments and the credit quality of the loan portfolio, including all internal and external factors that impact loan collectibility. SFAS No. 5, "Accounting for Contingencies" and SFAS No. 114, "Accounting by Creditors for Impairment of a Loan" limit the amount of the loss allowance to the estimate of losses that have been incurred at the balance sheet reporting date. Accordingly, the allowance is based upon past events and current economic conditions.

Trustmark's allowance has been developed using different factors to estimate losses based upon specific evaluation of identified individual loans considered impaired, estimated identified losses on various pools of loans and/or groups of risk rated loans with common risk characteristics and other external and internal factors of estimated probable losses based on other facts and circumstances.

Trustmark's allowance for probable loan loss methodology is based on guidance provided in SEC Staff Accounting Bulletin No. 102, "Selected Loan Loss Allowance Methodology and Documentation Issues," as well as other regulatory guidance. The level of Trustmark's allowance reflects Management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio growth, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio. This evaluation takes into account other qualitative factors including recent acquisitions; national, regional and local economic trends and conditions; changes in credit concentration; changes in levels and trends of delinquencies and nonperforming loans; changes in levels and trends of net charge-offs; and changes in interest rates and collateral, financial and underwriting exceptions. Based on recommendations from regulatory authorities, Trustmark modified its methodology regarding industry concentrations for commercial loans. This modification, which occurred during the third quarter of 2007, lowered specific industry reserves by \$3.5 million, which were offset by increases in other quantitative and qualitative reserves for commercial loans. This increase was warranted by current economic conditions. Based upon current economic conditions, Management believes that the allowance for loan losses adequately provides for probable losses in its loan portfolio at December 31, 2007.

The allowance for loan losses consists of three elements: (i) specific valuation allowances determined in accordance with SFAS No. 114, based on probable losses on specific loans; (ii) portfolio based valuation allowances determined in accordance with SFAS No. 5, based on historical loan loss experience for similar loans with similar characteristics and trends; and (iii) qualitative risk valuation allowances determined in accordance with SFAS No. 5, based on general economic conditions and other qualitative risk factors, both internal and external, to Trustmark.

Following Katrina, Trustmark identified customers specifically impacted by the storm in an effort to estimate the loss of collateral value and customer payment abilities. In accordance with SFAS No. 5, Trustmark determined, through reasonable estimates, that specific losses were probable and initially increased its allowance for loan losses by \$9.8 million, on a pretax basis, during the third quarter of 2005. Trustmark continually reevaluates its estimates for probable losses resulting from Katrina. As a result, Trustmark released allowance for loan losses on a pretax basis of \$7.8 million during 2006 and \$0.6 million during 2007. At December 31, 2007, the allowance for loan losses included specific Katrina accruals totaling \$594 thousand. Management's estimates, assumptions and judgments are based on information available as of the date of the consolidated financial statements; accordingly, as the information changes, actual results could differ from those estimates.

At December 31, 2007, the allowance for loan losses was \$79.9 million compared with \$72.1 million at December 31, 2006, an increase of \$7.8 million, primarily resulting from an increase in nonperforming loans of \$28.8 million during 2007. Trustmark has not experienced any abnormal credit deterioration, excluding the Florida Panhandle where, after a decade of growth, the economy has declined as a result of the overbuilding of residential real estate. Management is actively engaged in the resolution of credit issues in the Florida Panhandle. Total allowance coverage of nonperforming loans was 122.5%, compared to 198.1% at December 31, 2006. Trustmark's allocation of its allowance for loan losses represents 1.48% of commercial loans and 0.59% of consumer and home mortgage loans, resulting in an allowance to total loans of 1.13% at December 31, 2007.

Net charge-offs for 2007 totaled \$16.0 million, or 0.23% of average loans, compared to \$4.0 million, or 0.06% in 2006, and \$7.6 million, or 0.13% in 2005. The increase in net charge-offs experienced during the year can be directly attributed to the growth in nonperforming assets experienced during 2007. Trustmark's loan policy dictates the guidelines to be followed in determining when a loan is charged-off. Commercial purpose loans are charged-off when a determination is made that the loan is uncollectible and continuance as a bankable asset is not warranted. Consumer loans secured by residential real estate are generally charged-off or written down when the credit becomes severely delinquent and the balance exceeds the fair value of the property less costs to sell. Non-real estate consumer purpose loans, including both secured and unsecured, are generally charged-off in full no later than when the loan becomes 120 days past due. Credit card loans are generally charged-off in full when the loan becomes 180 days past due.

The details of Trustmark's nonperforming assets at December 31, 2007, and December 31, 2006, are shown in the accompanying table.

Nonperforming Assets

(\$ in thousands)

	December 31,	
	2007	2006
Nonaccrual and restructured loans	\$ 65,173	\$ 36,399
Other real estate (ORE)	8,348	2,509
Total nonperforming assets	\$ 73,521	\$ 38,908
Nonperforming assets/total loans (including loans held for sale) and ORE	1.02%	0.58%
Accruing loans past due 90 days or more	\$ 4,853	\$ 2,957
Serviced GNMA loans eligible for repurchase	11,847	8,510
Total loans past due 90 days or more	\$ 16,700	\$ 11,467

Other Earning Assets

Federal funds sold and securities purchased under reverse repurchase agreements were \$18.0 million at December 31, 2007, a decrease of \$9.3 million when compared with December 31, 2006. Trustmark utilizes these products as a short-term investment alternative whenever it has excess liquidity.

Deposits and Other Interest-Bearing Liabilities

Trustmark's deposit base is its primary source of funding and consists of core deposits from the communities served by Trustmark. Deposits include interest-bearing and noninterest-bearing demand accounts, savings, money market, certificates of deposit and individual retirement accounts. Total deposits were \$6.869 billion at December 31, 2007, compared with \$6.976 billion at December 31, 2006, a decrease of \$106.9 million, or 1.5%. This decrease is comprised of a decline in noninterest-bearing deposits of \$97.6 million and a decrease in interest-bearing deposits of \$9.3 million. The majority of the decline in noninterest-bearing deposits can be attributed to commercial DDA balances, which are more prone to fluctuations, yielding wide variations in balances. Although Trustmark has experienced a decrease in interest-bearing deposits, the decrease is primarily related to high cost brokered CDs, which decreased \$134.2 million during 2007. Trustmark currently has no brokered CDs. Trustmark has also intentionally decreased higher cost MMDA balances as well as reduced rates on other higher yielding deposit products, such as commercial MMDA in favor of less expensive core deposit products.

Trustmark's commitment to increasing its presence in higher-growth markets is illustrated by its strategic initiative to build additional banking centers within its four-state banking franchise. During 2007, Trustmark opened five new banking centers in Hattiesburg, Houston, Jackson and Memphis. Management anticipates opening six additional banking centers during 2008, which will benefit Trustmark's continued focus on increasing core deposit relationships.

Trustmark uses short-term borrowings to fund growth of earning assets in excess of deposit growth. Short-term borrowings consist of federal funds purchased, securities sold under repurchase agreements, short-term FHLB advances and the treasury tax and loan note option account. Short-term borrowings totaled \$935.1 million at December 31, 2007, an increase of \$193.6 million, compared with \$741.5 million at December 31, 2006. Trustmark had \$70.1 million in junior subordinated debentures and \$49.7 million in subordinated notes outstanding at December 31, 2007. For further information on the issuance of the debentures and notes, see Note 11 in the Notes to Consolidated Financial Statements. On a consolidated basis, total borrowings have increased \$193.6 million when compared to December 31, 2006, as Trustmark focused on replacing higher yielding deposits with lower cost sources of funding.

Legal Environment

Trustmark and its subsidiaries are parties to lawsuits and other claims that arise in the ordinary course of business. Some of the lawsuits assert claims related to lending, collection, servicing, investment, trust and other business activities, and some of the lawsuits allege substantial claims for damages. The cases are being vigorously contested. In the regular course of business, Management evaluates estimated losses or costs related to litigation, and provision is made for anticipated losses whenever Management believes that such losses are probable and can be reasonably estimated. In recent years, the legal environment in Mississippi has been considered by many to be adverse to business interests, with regards to the overall treatment of tort and contract litigation as well as the award of punitive damages. However, tort reform legislation that became effective during recent years may reduce the likelihood of unexpected, sizable awards. At the present time, Management believes, based on the advice of legal counsel and Management's evaluation, that the final resolution of pending legal proceedings will not have a material impact on Trustmark's consolidated financial position or results of operations; however, Management is unable to estimate a range of potential loss on these matters because of the nature of the legal environment in states where Trustmark conducts business.

During 2007, Trustmark accrued \$800 thousand in connection with its obligation to indemnify Visa USA for costs and liabilities incurred in connection with certain litigation based on Trustmark's proportionate membership interest in Visa USA. Visa USA is currently undergoing a restructuring and initial public offering that is expected to occur in 2008. In connection with this restructuring and initial public offering, Visa USA members are expected to receive shares in Visa, Inc., in exchange for their membership interest. While Trustmark expects these events to occur, there can be no assurance that the restructuring and initial public offering of Visa, Inc., will be successful. Therefore, additional accruals may be required in future periods should Trustmark's estimate of its obligations under the indemnification agreement change.

Benefit Plans

Pension Plan

As disclosed in Note 13 – Pension and Other Postretirement Benefits of the accompanying Notes to the Consolidated Financial Statements, Trustmark maintains a noncontributory defined pension plan, which covers substantially all associates with more than one year of service. The plan provides benefits that are based on the length of credited service and final average compensation.

At December 31, 2007, the fair value of plan assets totaled \$79.4 million and was exceeded by the plan projected benefit obligation of \$84.9 million by \$5.5 million. Net periodic benefit cost equaled \$2.5 million in 2007 compared to \$3.7 million in 2006 and \$2.9 million in 2005. Effective January 1, 2007, the Board of Directors adopted amendments which decreased retirement benefits under the plan to ensure the plan will continue to provide meaningful benefits for associates, while maintaining a consistent and affordable trend in the plan's cost.

The fair value of plan assets is determined utilizing current market quotes, while the benefit obligation and periodic benefit costs are determined utilizing actuarial methodology with certain weighted-average assumptions. The discount rate for the pension plan is determined using the Moody's Aa corporate bond rate plus 0.25%, generally not to increase or decrease more than 0.50% from the prior year. These assumptions, which have been individually chosen to represent the estimate of a particular event as required by generally accepted accounting principles, have been reviewed and approved by Management based on recommendations from its actuaries.

No contributions were required during 2007. In 2008, Trustmark's minimum required contribution is expected to be zero; however, Management and the Board of Directors will monitor the plan throughout 2008 and determine any funding requirements by the plan's measurement date of December 31st. Trustmark's measurement date for 2005 had been October 31st.

Supplemental Retirement Plan

As disclosed in Note 13 – Pension and Other Postretirement Benefits of the accompanying Notes to the Consolidated Financial Statements, Trustmark also maintains a nonqualified supplemental retirement plan covering directors who elect to defer fees, key executive officers and senior officers. The plan provides for defined death benefits and/or retirement benefits based on a participant's covered salary. Trustmark has acquired life insurance contracts on the participants covered under the plan, which are anticipated to fund future payments under the plan.

At December 31, 2007, the accrued benefit obligation equaled \$34.5 million, while the net periodic benefit cost equaled \$3.3 million in 2007, \$3.5 million in 2006 and \$3.3 million in 2005. The net periodic benefit cost and projected benefit obligation are determined using actuarial assumptions as of the plan's measurement date, December 31st. The discount rate for the supplemental retirement plan is determined using the Moody's Aa corporate bond rate plus 0.25%, not to increase or decrease more than 0.50% from the prior year. At December 31, 2007, these unrecognized actuarial losses and unrecognized prior service costs continue to be amortized over future service periods.

Off-Balance Sheet Arrangements

Trustmark makes commitments to extend credit and issues standby and commercial letters of credit in the normal course of business in order to fulfill the financing needs of its customers. These loan commitments and letters of credit are off-balance sheet arrangements.

Commitments to extend credit are agreements to lend money to customers pursuant to certain specified conditions. Commitments generally have fixed expiration dates or other termination clauses. Because many of these commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Trustmark applies the same credit policies and standards as it does in the lending process when making these commitments. The collateral obtained is based upon the assessed creditworthiness of the borrower. At both December 31, 2007 and 2006, Trustmark had commitments to extend credit of \$1.9 billion.

Standby and commercial letters of credit are conditional commitments issued by Trustmark to ensure the performance of a customer to a first party. When issuing letters of credit, Trustmark uses essentially the same policies regarding credit risk and collateral which are followed in the lending process. At December 31, 2007 and 2006, Trustmark's maximum exposure to credit loss in the event of nonperformance by the other party for letters of credit was \$170.7 million and \$138.0 million, respectively. These amounts consist primarily of commitments with maturities of less than three years. Trustmark holds collateral to support certain letters of credit when deemed necessary.

Asset/Liability Management

Overview

Market risk reflects the potential risk of loss arising from adverse changes in interest rates and market prices. Trustmark has risk management policies to monitor and limit exposure to market risk. Trustmark's primary market risk is interest rate risk created by core banking activities. Interest rate risk is the potential variability of the income generated by Trustmark's financial products or services, or the value of same, which results from changes in various market interest rates. Market rate changes may take the form of absolute shifts, variances in the relationships between different rates and changes in the shape or slope of the interest rate term structure.

Management continually develops and applies cost-effective strategies to manage these risks. The Asset/Liability Committee sets the day-to-day operating guidelines, approves strategies affecting net interest income and coordinates activities within policy limits established by the Board of Directors. A key objective of the asset/liability management program is to quantify, monitor and manage interest rate risk and to assist Management in maintaining stability in the net interest margin under varying interest rate environments.

Market/Interest Rate Risk Management

The primary purpose in managing interest rate risk is to invest capital effectively and preserve the value created by the core banking business. This is accomplished through the development and implementation of lending, funding, pricing and hedging strategies designed to maximize net interest income performance under varying interest rate environments subject to specific liquidity and interest rate risk guidelines.

Financial simulation models are the primary tools used by Trustmark's Asset/Liability Committee to measure interest rate exposure. Using a wide range of sophisticated simulation techniques provides Management with extensive information on the potential impact to net interest income caused by changes in interest rates. Models are structured to simulate cash flows and accrual characteristics of Trustmark's balance sheet. Assumptions are made about the direction and volatility of interest rates, the slope of the yield curve and the changing composition of Trustmark's balance sheet resulting from both strategic plans and customer behavior. In addition, the model incorporates Management's assumptions and expectations regarding such factors as loan and deposit growth, pricing, prepayment speeds and spreads between interest rates.

Based on the results of the simulation models using static balances at December 31, 2007, it is estimated that net interest income may increase 2.4% in a one-year, shocked, up 200 basis point rate shift scenario, compared to a base case, flat rate scenario for the same time period. At December 31, 2006, the results of the simulation models using static balances indicated that net interest income would increase 2.7% in the same one-year, shocked, up 200 basis point shift scenario. In the event of a 100 basis point decrease in interest rates using static balances at December 31, 2007, it is estimated net interest income may decrease by 1.7%, while a 200 basis point decline in interest rates would yield an estimated decrease in net interest income of 5.0%. Once again, changes are very minimal when compared to forecasts at December 31, 2006, as seen by estimates of a 2.3% decrease in net interest income in a 100 basis point decrease in interest rates and 6.4% decrease in net interest income in a 200 basis point decline in interest rates. These minor changes in forecasted net interest income for both December 31, 2006 and 2007, illustrate Management's strategy to mitigate Trustmark's exposure to cyclical increases in rates by maintaining a neutral position in its interest rate risk position. Management cannot provide any assurance about the actual effect of changes in interest rates on net interest income. The estimates provided do not include the effects of possible strategic changes in the balances of various assets and liabilities throughout 2008 or additional actions Trustmark could undertake in response to changes in interest rates. Management will continue to prudently manage the balance sheet in an effort to control interest rate risk and maintain profitability over the long term.

Another component of interest rate risk management is measuring the economic value-at-risk for a given change in market interest rates. The economic value-at-risk may indicate risks associated with longer term balance sheet items that may not affect net interest income at risk over shorter time periods. Trustmark also uses computer-modeling techniques to determine the present value of all asset and liability cash flows (both on- and off-balance sheet), adjusted for prepayment expectations, using a market discount rate. The net change in the present value of the asset and liability cash flows in the different market rate environments is the amount of economic value at risk from those rate movements which is referred to as net portfolio value. As of December 31, 2007, the economic value of equity at risk for an instantaneous up 200 basis point shift in rates produced a decline in net portfolio value of 3.7%, while an instantaneous 200 basis point decrease in interest rates produced an increase in net portfolio value of 0.6%. In comparison, the models indicated a net portfolio value decrease of 3.3% as of December 31, 2006, had interest rates moved up instantaneously 200 basis points, and a decrease of 0.9%, had an instantaneous 200 basis points decrease in interest rates occurred.

Derivatives

Trustmark uses financial derivatives for management of interest rate risk. The Asset/Liability Committee, in its oversight role for the management of interest rate risk, approves the use of derivatives in balance sheet hedging strategies. The most common derivatives employed by Trustmark are interest rate lock commitments, forward contracts, both futures contracts and options on futures contracts, interest rate swaps, interest rate caps and interest rate floors.

As part of Trustmark's risk management strategy in the mortgage banking area, various derivative instruments such as interest rate lock commitments and forward sales contracts are utilized. Rate lock commitments are residential mortgage loan commitments with customers, which guarantee a specified interest rate for a specified period of time. Trustmark's obligations under forward contracts consist of commitments to deliver mortgage loans, originated and/or purchased, in the secondary market at a future date. These derivative instruments are designated as fair value hedges for certain of these transactions that qualify as fair value hedges under SFAS No. 133. Trustmark's off-balance sheet obligations under these derivative instruments totaled \$211.3 million at December 31, 2007, with a valuation adjustment of negative \$686 thousand, compared to \$167.8 million, with a valuation adjustment of \$19 thousand as of December 31, 2006.

During 2006, a strategy was implemented that utilized a portfolio of derivative instruments, such as Treasury note futures contracts and exchange-traded option contracts, to achieve a fair value return that would substantially offset the changes in fair value of MSR attributable to interest rates. These transactions are considered freestanding derivatives that do not otherwise qualify for hedge accounting. Changes in the fair value of these derivative instruments are recorded in noninterest income in mortgage banking, net and are offset by the changes in the fair value of MSR. MSR fair values represent the effect of present value decay and the effect of changes in interest rates. Ineffectiveness of hedging MSR fair value is measured by comparing total hedge cost to the fair value of the MSR attributable to market changes. During 2007, the impact of implementing this strategy resulted in a net positive ineffectiveness of \$1.2 million compared with a net negative ineffectiveness from hedging of \$0.2 million during 2006.

Interest rate swaps are derivative instruments under which two parties agree to make interest payments on a notional principal amount. In a generic swap, one party pays a fixed interest rate and receives a floating interest rate, while the other party receives a fixed interest rate and pays a floating interest rate. During 2006, Trustmark's remaining interest rate swaps matured. These swaps, which had been designated as fair value hedges, were originally initiated during 2003 to mitigate the effects of further changes in the fair value of specific, noncallable, nonprepayable, fixed rate advances from the FHLB by agreeing to pay a floating interest rate tied to LIBOR.

Trustmark has utilized an interest rate risk strategy that included caps and floors. The intent of utilizing these derivative instruments was to reduce the risk associated with the effects of significant movements in interest rates. Caps and floors, which are not designated as hedging instruments, are options linked to a notional principal amount and an underlying indexed interest rate. Exposure to loss on these options will increase or decrease as interest rates fluctuate. Trustmark's interest rate cap contracts matured in 2006. Trustmark did not hold any interest rate floor contracts during the years presented.

Recent Pronouncements

Accounting Standards Adopted in 2007

For additional information on accounting standards adopted by Trustmark during 2007, please refer to Recent Pronouncements contained in Note 1 – Significant Accounting Policies.

New Accounting Standards

Other new pronouncements issued but not effective until after December 31, 2007, are not expected to have a significant effect on Trustmark's balance sheets or results of operations, with the possible exception of the following:

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations." SFAS No. 141R will significantly change the accounting for business combinations. Under SFAS No. 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. The statement will also require all acquisition-related costs to be expensed as they are incurred. SFAS No. 141R is required to be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, with earlier adoption being prohibited.

In November 2007, the SEC issued SAB No. 109 (SAB 109), "Written Loan Commitments Recorded at Fair Value Through Earnings." SAB 109 rescinds SAB 105's prohibition on inclusion of expected net future cash flows related to loan servicing activities in the fair value measurement of a written loan commitment. SAB 109 also applies to any loan commitments for which fair value accounting is elected under SFAS No. 159. SAB 109 is effective prospectively for derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. SAB 109 is not expected to have a material impact on Trustmark's balance sheets or results of operations.

In June 2007, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards." EITF 06-11 states that an entity should recognize a realized tax benefit associated with dividends on nonvested equity shares, nonvested equity share units and outstanding equity share options charged to retained earnings as an increase in additional paid in capital. EITF 06-11 should be applied prospectively to income tax benefits of dividends on equity-classified share-based payment awards that are declared in fiscal years beginning after December 15, 2007. EITF 06-11 is not expected to have a material impact on Trustmark's balance sheets or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 allows entities the option to measure eligible financial instruments at fair value as of specified dates. Such election, which may be applied on an instrument-by-instrument basis, is typically irrevocable once elected. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007, and early application is allowed under certain circumstances. Management elected not to apply the fair value option to any of its assets or liabilities at January 1, 2008.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. Provisions of SFAS No. 157 must be applied prospectively as of the beginning of the first fiscal year in which the accounting standard is applied. The adoption of SFAS No. 157 did not have a material impact on Trustmark's balance sheets or results of operations.

LIST OF SUBSIDIARIES

The following is a list of all subsidiaries of Trustmark as of December 31, 2007, and the jurisdiction in which each was organized. Each subsidiary does business under its own name.

Name	Jurisdiction Where Organized
Trustmark National Bank	Mississippi
F. S. Corporation	Mississippi
First Building Corporation	Mississippi
Somerville Bank & Trust Company	Tennessee
Trustmark Preferred Capital Trust I	Delaware
Republic Bancshares Capital Trust I	Delaware
Trustmark Securities, Inc. (1)	Mississippi
The Bottrell Insurance Agency, Inc. (1)	Mississippi
Trustmark Investment Advisors, Inc. (1)	Mississippi
TRMK Risk Management, Inc. (1)	Mississippi
Fisher-Brown, Incorporated (1)	Florida

(1) Subsidiary of Trustmark National Bank.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Trustmark Corporation:

We consent to the incorporation by reference in the registration statements (Nos. 333-124772, 333-124178, 333-110066, 333-39786, 333-35889, 333-07141 and 333-74448) on Form S-8 and (No. 333-104566) on Form S-3 of Trustmark Corporation and our reports dated February 29, 2008, with respect to the consolidated balance sheets of Trustmark Corporation and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007, and the effectiveness of internal control over financial reporting as of December 31, 2007, which reports appear in the December 31, 2007 annual report on Form 10-K of Trustmark Corporation.

Our report refers to the Corporation's 2007 change in accounting for uncertainty in tax positions and 2006 changes in accounting for share based payments, mortgage servicing rights, evaluating prior year misstatements, and defined benefit pension and postretirement benefit plans.

/s/ KPMG LLP

Jackson, Mississippi
February 29, 2008

TRUSTMARK CORPORATION**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard G. Hickson, certify that:

- 1) I have reviewed this annual report on Form 10-K of Trustmark Corporation and Subsidiaries;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

BY: /s/ Richard G. Hickson
Richard G. Hickson
Chairman of the Board, President
& Chief Executive Officer

DATE: February 29, 2008

TRUSTMARK CORPORATION**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Louis E. Greer, certify that:

- 1) I have reviewed this annual report on Form 10-K of Trustmark Corporation and Subsidiaries;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

BY: /s/ Louis E. Greer
Louis E. Greer
Treasurer and Principal
Financial Officer

DATE: February 29, 2008

TRUSTMARK CORPORATION
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Trustmark Corporation (Trustmark) for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Richard G. Hickson, Chairman of the Board, President and Chief Executive Officer of Trustmark, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Trustmark.

BY: /s/ Richard G. Hickson
Richard G. Hickson
Chairman of the Board, President
& Chief Executive Officer

DATE: February 29, 2008

TRUSTMARK CORPORATION
CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Trustmark Corporation (Trustmark) for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Louis E. Greer, Treasurer and Principal Financial Officer of Trustmark, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Trustmark.

BY: /s/ Louis E. Greer
Louis E. Greer
Treasurer and Principal
Financial Officer

DATE: February 29, 2008