TRUSTMARK CORP
Form DEF 14A
April 03, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Trustmark Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
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o Fee paid previously with preliminary materials

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
1) Amount Previously Paid:
2) Form, Schedule or Registration No.:
3) Filing Party:
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April 3, 2009

Dear Shareholder:

You are cordially invited to attend Trustmark Corporation s 2009 Annual Meeting of Shareholders. This meeting will be held in the Trustmark Ballroom at the Jackson Convention Complex, located at 105 Pascagoula Street, Jackson, Mississippi, on Tuesday, May 12, 2009, at 10:00 a.m.

At the meeting, common shareholders will elect a board of directors, provide advisory approval of Trustmark s executive compensation, ratify the selection of KPMG LLP as Trustmark Corporation s independent auditors for 2009 and transact such other business as may properly come before the meeting. Prior to the meeting, please carefully read the accompanying proxy statement.

Thank you for your support of Trustmark.

Sincerely,
Richard G. Hickson
Chairman and CEO

Trustmark Corporation
248 East Capitol Street
Jackson, MS 39201
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE AND TIME	Tuesday, May 12, 2009, at 10:00 a.m.
LOCATION	Trustmark Ballroom Jackson Convention Complex 105 Pascagoula Street Jackson, Mississippi 39201
ITEMS OF BUSINESS	(1) To elect a board of twelve directors to hold office for the ensuing year or until their successors are elected and qualified. (2) To provide advisory approval of Trustmark s executive compensation. (3) To ratify the selection of KPMG LLP as Trustmark Corporation s independent auditors for the fiscal year ending December 31, 2009. (4) To transact such other business as may properly come before the meeting.
RECORD DATE	Common shareholders of record on March 16, 2009, are eligible to vote at the meeting in person or by proxy.
PROXY VOTING/REVOCATION	You are urged to sign and return the enclosed proxy promptly, whether or not you plan to attend the meeting. If you do attend the meeting, you may revoke your proxy prior to the voting thereof. You may also revoke your proxy at any time before it is voted by written notice to the Secretary of Trustmark Corporation or by delivery to the Secretary of a subsequently dated proxy.
	T. Harris Collier III Secretary to the Board

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GENERAL INFORMATION

Solicitation by the Board of Directors

This proxy statement is being sent on or about April 3, 2009, in connection with the solicitation by the Board of Directors of Trustmark Corporation (Trustmark) of proxies to be voted at the 2009 Annual Meeting of Shareholders (the Annual Meeting) and at any adjournment or postponement thereof for the purposes set forth in the foregoing Notice of Annual Meeting of Shareholders.

Meeting Location, Date and Time

The Annual Meeting will be held in the Trustmark Ballroom at the Jackson Convention Complex, located at 105 Pascagoula Street, Jackson, Mississippi 39201, on Tuesday, May 12, 2009, at 10:00 a.m. To obtain directions to attend the meeting and vote in person, contact the Secretary at 1-601-208-5088 or toll-free at 1-800-844-2000 (extension 5088).

Shareholders Entitled to Vote

Common shareholders of record at the close of business on March 16, 2009, are entitled to notice of and to vote at the meeting in person or by proxy. On the record date, Trustmark had outstanding 58,117,285 shares of common stock.

Required Vote

A majority of the shares outstanding and entitled to vote constitutes a quorum. The twelve candidates who receive the highest number of affirmative votes will be elected as directors. In the election of directors, each shareholder may vote his shares cumulatively by multiplying the number of shares he is entitled to vote by the number of directors to be elected. This product constitutes the number of votes the shareholder may cast for one nominee or distribute among any number of nominees. For all other proposals, each share is entitled to one vote on each proposal. Any such proposal, including providing advisory approval of Trustmark s executive compensation and ratification of the selection of KPMG LLP (KPMG) as independent auditors, will be approved if the votes cast in favor of the proposal exceed the votes cast opposing the proposal, if a quorum is present. While abstentions and broker non-votes (shares held by brokerage customers that may not be voted on certain matters because the broker has not received specific instructions from the customers) are counted as shares present at the meeting for purposes of determining a quorum, they are not otherwise counted and, therefore, will have no effect on the outcome of the election of directors or any other proposal.

All valid proxies received by Trustmark will be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated in an otherwise properly executed proxy, it will be voted FOR the director nominees named in Proposal 1, FOR advisory approval of Trustmark s executive compensation in Proposal 2, FOR ratification of the selection of KPMG as independent auditors in Proposal 3 and on all other matters in accordance with the recommendations of the Board of Directors of Trustmark.

How to Vote

Shareholders of record can vote in person at the Annual Meeting or by proxy without attending the Annual Meeting.

To vote by proxy, either:

(1) Complete the enclosed proxy card, sign, date and return it in the enclosed postage-paid envelope,

(2) Vote by telephone (instructions are on the proxy card), or

(3) Vote by Internet (instructions are on the proxy card).

If you hold your shares through a bank, broker or other holder of record, and you plan to vote in person at the meeting, you should contact your bank, broker or agent to obtain a legal proxy or broker s proxy card and bring it to the meeting in order to vote in person.

Revocation of Proxies

Any shareholder may revoke a proxy at any time before it is voted by written notice to the Secretary, by revocation at the meeting or by delivery to the Secretary of a subsequently dated proxy.

If you hold your shares through a bank, broker or other holder of record, you should contact your bank, broker or agent to revoke your proxy or change your vote.

Voting on Other Matters

The Board of Directors is not aware of any additional matters to be brought before the meeting. If other matters do come before the meeting, the persons named in the accompanying proxy or their substitutes will vote the shares represented by such proxies in accordance with the recommendations of the Board of Directors of Trustmark.

Cost of Proxy Solicitation

Solicitation of proxies will be primarily by mail. Associates of Trustmark and its subsidiaries may be used to solicit proxies by means of telephone or personal contact but will not receive any additional compensation for doing so. Banks, brokers, trustees and nominees will be reimbursed for reasonable expenses incurred in

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sending proxy materials to the beneficial owners of such shares. The total cost of the solicitation will be borne by Trustmark.

CORPORATE GOVERNANCE

Trustmark s governance structure enables the Board of Directors (the Board) to effectively and efficiently address key, specific issues such as business growth, human capital and technology, among others. This is accomplished through five Board committees and through the effective utilization of the directors combined wisdom, experience and diverse business knowledge.

Provisions of Trustmark s governance structure include, among other things, a mandatory retirement age of 68, required notification of changes in professional responsibilities and residence, a directors attendance policy, as well as the authority to seek advice or counsel from external advisers on an as-needed basis.

Board Mission

The role of the Board is to foster Trustmark s long-term success consistent with its fiduciary responsibilities to shareholders. As part of this role, Trustmark s Board is responsible for:

- Providing strategic guidance and oversight,
- Acting as a resource on strategic issues and in matters of planning and policy-making,
- Ensuring that management s operations contribute to Trustmark s financial soundness,
- Promoting social responsibility and ethical business conduct,
- Providing insight and guidance on complex business issues and problems in the banking and financial services industries,
- Ensuring that an effective system is in place to facilitate the selection, succession planning and compensation of the Chief Executive Officer (CEO), and
- Ensuring Trustmark s compliance with all relevant legal and regulatory requirements.

The Board has adopted, and annually reviews, formal charters for the Board and its committees to address the governance guidelines and responsibilities of each. Likewise, the Board has adopted codes of conduct for directors, senior financial officers and associates. These materials are available on Trustmark s website at www.trustmark.com or may be obtained by written request addressed to the Secretary of the Board, Trustmark Corporation, Post Office Box 291, Jackson, MS 39205.

Meetings of the Board of Directors

The Board met five times in 2008. Each director attended at least 75% of the total number of meetings of the Board and Board committees of which the director was a member in 2008.

Director Attendance at the Annual Meeting

Directors are expected to attend the annual meeting of shareholders, and in 2008, all directors were present, with the exception of Adolphus B. Baker and Daniel A. Grafton.

Director Independence

The Board has affirmatively determined that the following directors and director nominees are non-employee directors (within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 (the Exchange Act)), outside directors (within the meaning of Section 162(m) of the Internal Revenue Code) and independent directors (within the meaning of Rule 4200(15) of the NASDAQ Marketplace Rules):

Reuben V. Anderson	David H. Hoster II
Adolphus B. Baker	John M. McCullouch
Fred E. Carl, Jr.	Richard H. Puckett
William C. Deviney, Jr.	R. Michael Summerford
C. Gerald Garnett	LeRoy G. Walker, Jr.
Daniel A. Grafton	Kenneth W. Williams

Reuben V. Anderson, C. Gerald Garnett and William G. Yates, Jr. have decided to retire from the Board and will, therefore, not stand for re-election at the Annual Meeting.

Lead Director

Trustmark s Chairman of the Board also serves as CEO. Therefore, under the governance guidelines set forth in Trustmark s Board Charter, the Chairman of the Executive Committee, Reuben V. Anderson, serves as the Board s Lead Director. Upon Mr. Anderson s anticipated retirement from the Board, effective at the Annual Meeting, the Board has determined that, if re-elected, Kenneth W. Williams will serve as Chairman of the Executive Committee and, therefore, as Lead Director. The primary responsibility of the Lead Director is to chair meetings of the non-management directors, and in 2008 the Board held four such independent sessions. The Lead Director also refers to the appropriate Board committee any issue brought to his attention by shareholders, directors or others.

Committees of the Board of Directors

There are five committees that collectively provide guidance on strategic issues, planning and policymaking: Audit and Finance, Executive, Human Resources, Nominating and Strategic Planning. Currently, the committees are comprised solely of independent directors, with the exception of the Executive and Strategic Planning Committees, upon which William G. Yates, Jr. will continue to serve until his anticipated retirement. If elected, William G. Yates III, who is not independent, will serve on the Strategic Planning Committee.

Audit and Finance Committee

Under the terms of its Charter, the Audit and Finance Committee meets at least five times a year and is responsible for, among other things, annual approval of the independent auditors, oversight of audit activities, financial reporting and regulatory compliance, as well as review and approval of Trustmark s profit plan. The Committee meets with the independent and internal auditors without management present on a regular basis.

The Audit and Finance Committee Charter is posted on Trustmark s website at www.trustmark.com under *Investor Relations/Corporate Governance/Audit and Finance Committee Charter.*

Executive Committee

The Executive Committee acts on behalf of the Board if a matter requires Board action before a meeting of the Board can be held. The Committee is responsible for reviewing the corporate governance structure and annually evaluating each director s performance against specific performance criteria.

Human Resources Committee

The role of the Human Resources Committee is to ensure that appropriate policies and practices are in place to facilitate the development of management talent, orderly CEO succession planning, corporate social responsibility and the setting of management compensation.

The Human Resources Committee Charter is posted on Trustmark s website at www.trustmark.com under *Investor Relations/Corporate Governance/Human Resources Committee Charter.*

Nominating Committee

The Nominating Committee is charged with the responsibility of seeking, interviewing and recommending to the Board qualified candidates for Board and committee membership.

The Nominating Committee Charter is posted on Trustmark s website at www.trustmark.com under *Investor Relations/Corporate Governance/Nominating Committee Charter.*

Strategic Planning Committee

The Strategic Planning Committee provides guidance to management on the strategic planning process and issues of strategic importance including business growth and expansion, material transactions and technology. The Committee is also responsible for monitoring progress with Trustmark s long-term strategic and financial objectives.

Committee Membership

The following table shows the current membership of each committee and the number of meetings held by each committee during 2008.

Director	Audit and Finance	Executive	Human Resources	Nominating	Strategic Planning
Reuben V. Anderson		Chairman	X	X	X
Adolphus B. Baker					
William C. Deviney, Jr.					
C. Gerald Garnett		X	X	X	X
Daniel A. Grafton		X	Chairman	X	X
Richard G. Hickson		X			

David H. Hoster II	X				
John M. McCullouch		X		Chairman	X
Richard H. Puckett	X				
R. Michael Summerford	Chairman	X	X	X	X
Kenneth W. Williams	X				
William G. Yates, Jr.		X			Chairman
2008 Meetings	**5**	**1**	**7**	**1**	**2**

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Director Compensation for 2008

The following table provides compensation information for the year ended December 31, 2008, for each non-employee member of the Board.

Name *(1)*	**Fees Earned or Paid in Cash** *($)(2)*	**Stock Awards** *($)(3)*	**Option Awards** *($)(4)*	**Non-Equity Incentive Plan Compensation** *($)*	**Change in Pension Value and Non-Qualified Deferred Compensation Earnings** *($)(5)*	**All Other Compensation** *($)*	**Total** *($)*
J. Kelly Allgood *(6)*	$ 11,000	$ 3,294	$ 4,032	---	$ 6,320	---	$ 24,646
Reuben V. Anderson	$ 35,250	$ 5,835	$ 4,802	---	$ 48,854	---	$ 94,741
Adolphus B. Baker	$ 23,000	$ 5,835	$ 6,650	---	$ 53,354	---	$ 88,839
William C. Deviney, Jr.	$ 25,750	$ 5,835	$ 6,650	---	$ 106,713	---	$ 144,948
C. Gerald Garnett	$ 34,000	$ 5,835	$ 6,740	---	---	---	$ 46,575
Daniel A. Grafton	$ 35,500	$ 5,835	$ 2,910	---	---	---	$ 44,245
David H. Hoster II	$ 23,250	$ 5,835	---	---	---	---	$ 29,085
John M. McCullouch	$ 28,250	$ 5,835	$ 6,650	---	---	---	$ 40,735
Richard H. Puckett	$ 31,250	$ 5,835	$ 6,650	---	$ 77,579	---	$ 121,314
R. Michael Summerford	$ 52,250	$ 5,835	$ 6,650	---	---	---	$ 64,735
Kenneth W. Williams	$ 23,500	$ 5,835	$ 4,032	---	$ 8,798	---	$ 42,165
William G. Yates, Jr.	$ 25,250	$ 5,835	$ 4,032	---	---	---	$ 35,117

(1) Richard G. Hickson, Trustmark s CEO, is not included in this table as he is an associate of Trustmark and thus receives no compensation for his service as a director. The compensation received by Mr. Hickson as an associate of

Trustmark is shown in the Summary Compensation Table on page 24.

(2) *Includes fees deferred pursuant to the voluntary Trustmark Corporation Non-Qualified Deferred Compensation (NQDC) Plan and/or the Directors Deferred Fee Plan. Where applicable, also includes fees paid for attendance at committee meetings of the Trustmark National Bank Board of Directors (the Bank Board).*

(3) *The amounts in this column do not reflect compensation actually received by the director during 2008. These amounts reflect the dollar amount recognized by Trustmark for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with FAS 123(R) for stock awards pursuant to Trustmark s stock and incentive compensation plans and include amounts from awards granted*

prior to 2008. Assumptions used in the calculation of these amounts are included in Note 14 to Trustmark s audited financial statements for the fiscal year ended December 31, 2008, in Trustmark s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2009. The grant date fair value of the performance-based restricted shares and potential excess shares granted to each non-employee director in 2008, computed in accordance with FAS 123(R), was $6,190 per director, with the exception of Mr. Allgood, who retired from the Board on May 13, 2008, and, therefore, did not receive an award. The grant date fair value of the time-based restricted stock granted to each non-employee director in 2008, in accordance with FAS 123(R), was $2,247 per director, with the exception of Mr. Allgood, who retired from the Board on May 13, 2008, and, *therefore, did not receive an award. At December 31, 2008, each non-employee director had 467 shares of performance-based restricted stock outstanding, with the exception of Mr. Allgood, who had 250 shares outstanding. These awards will vest only if the related performance measures are achieved. If vesting of the related performance measures exceeds 100%, each non-employee director will also receive up to an additional 467 excess shares of time-based restricted stock, with the exception of Mr. Allgood, who will receive up to 250 excess shares. At December 31, 2008, each non-employee director had 107 shares of time-based restricted stock outstanding, with the exception of Mr. Allgood, who had no time-based restricted stock outstanding.*

(4) The amounts in this column do not reflect compensation

actually received by the director during 2008. These amounts reflect the dollar amount recognized by Trustmark for financial statement reporting purposes for the fiscal year ended December 31, 2008, in accordance with FAS 123(R) for option awards pursuant to Trustmark s stock and incentive compensation plans, and relate to amounts from awards granted prior to 2008. No option awards were granted to directors during 2008. Assumptions used in the calculation of these amounts are included in Note 14 to Trustmark s audited financial statements for the fiscal year ended December 31, 2008, in Trustmark s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2009. At December 31, 2008, the directors had the following options outstanding from grants under Trustmark s stock and incentive compensation plans: McCullouch, *Summerford 6,000 each, Yates 11,000, Allgood, Grafton 2,000 each, all other non-employee directors 12,000 each, with the exception of Mr. Hoster, who had no options outstanding.*

(5) *The amounts in this column reflect the increase in actuarial present value of the director s accumulated benefits under Trustmark s Directors Deferred Fee Plan, determined using interest rate and mortality rate assumptions consistent with those used in Trustmark s audited financial statements and include amounts which the director may not currently be entitled to receive as such amounts are not yet vested.*

(6) *Mr. Allgood retired from the Board on May 13, 2008.*

Non-employee directors receive an annual retainer of $12,000 plus $1,500 for each Board meeting attended. The Executive Committee Chairman receives an additional annual retainer of $6,000, and all other Executive Committee members receive an additional annual retainer of $3,000. The Audit and Finance Committee Chairman also receives an additional annual retainer of $12,000. All committee chairmen and committee members receive $1,250 and $1,000, respectively, for each committee meeting attended. In addition, directors who serve either as chairman or member of a committee of the Bank Board receive $1,000 or $750, respectively, for each committee meeting attended. For meetings wherein the director attends via teleconference, the director receives one-half of the meeting fee. Directors are also eligible to be reimbursed for expenses incurred in attending Board and committee meetings. The CEO receives no compensation for Board or committee service.

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Trustmark provides non-employee directors who became directors prior to 2003 the opportunity to participate in the Directors Deferred Fee Plan. Under the plan, eligible directors may defer $12,000 of fees annually to fund a portion of the cost of their defined retirement benefits and death benefits. The amount of the retirement benefit and death benefit is determined based upon the participant s annual contribution amount, the length of Board service (with accrual and vesting occurring pro-rata assuming Board service to the director s normal retirement date (March 1 following age 65)) and the age of the director at date of entry into the plan. The plan requires retirement benefits to commence at normal retirement. Thus, should a director continue service beyond age 65, retirement benefits would begin prior to cessation of service. Currently, two directors are over age 65 and are receiving annual benefits of $94,214 and $28,359. Depending on a number of factors, the projected annual benefit at retirement is payable for the longer of life or twenty-five years and ranges from $61,000 to $133,000 for current directors electing to participate in the plan who are not yet receiving benefits. The vested annual benefit as of December 31, 2008, payable at the director s normal retirement date to current directors electing to participate in the plan ranges from $36,000 to $60,000. If a participating director dies prior to retirement, his beneficiary will receive a scheduled death benefit for ten years. If the plan is terminated, or a director s Board service is terminated, within three years after a change in control of Trustmark (as defined in the plan), affected directors will be credited with up to an additional five years of Board service for purposes of determining retirement benefits at the director s normal retirement date. Trustmark has purchased life insurance contracts on participating directors to fund the benefits to be paid under this plan.

Non-employee directors are eligible to receive equity compensation awards under the Trustmark Corporation 2005 Stock and Incentive Compensation Plan. In the event of a change in control, the vesting of stock options is accelerated, and directors are entitled to a time-weighted portion of any unvested restricted stock, based on actual performance to date. Prior to 2007, Trustmark granted stock options to its non-employee directors. In 2007, Trustmark ceased granting stock options and commenced granting performance-based restricted stock to its non-employee directors on terms substantially similar to those granted to executive management. When implementing a similar change with respect to restricted stock grants for executive management, Trustmark began granting non-employee directors a restricted stock award consisting of one-third of a time-based restricted stock grant and two-thirds of a performance-based restricted stock grant, on terms substantially similar to those granted to executive management beginning in 2008. On April 22, 2008, each non-employee director received an award of 217 performance-based restricted shares and 107 time-based restricted shares. For the performance-based restricted shares, the performance period ends December 31, 2010, and if vesting of the related performance measures exceeds 100%, each non-employee director will also receive up to an additional 217 excess shares of time-based restricted stock, which vests after 36 months if the director is still serving at the time. The time-based restricted shares granted in 2008 vest on December 31, 2010, if the director is still serving at the time. Mr. Allgood retired from the Board on May 13, 2008, and, therefore, did not receive stock awards in 2008. On January 27, 2009, each non-employee director received an award of 397 time-based restricted shares, which vest on January 27, 2012, if the director is still serving at the time.

In addition to the Directors Deferred Fee Plan described above, non-employee directors may defer all or a part of their annual retainer and meeting fees (excluding any contribution to the Directors Deferred Fee Plan) pursuant to Trustmark s NQDC Plan. The compensation deferred is credited to a liability account, which is deemed invested in and mirrors the performance of one or more designated investment funds available under the plan and selected at the option of the director. The deferred compensation account will be paid in a lump sum or in annual installments at a designated time upon the occurrence of an unforeseen emergency or upon a director s retirement or cessation of service on the Board.

Communications with Directors

Shareholders desiring to contact Trustmark s Board may do so by sending written correspondence to Board of Directors, Trustmark Corporation, Post Office Box 291, Jackson, MS 39205 or by email to boardofdirectors@trustmark.com.

Communications will be referred to the Chairman of the Executive Committee, who will determine the appropriate committee to receive the communication and take any action deemed necessary by that committee.

Pursuant to Trustmark s Whistleblower Policy, complaints relating to Trustmark s accounting, internal accounting controls or auditing matters should be directed to the Trustmark Hotline at 1-888-208-8900. Complaints will be investigated by Trustmark s General Counsel and reported to the Audit and Finance Committee.

Nomination of Directors

Nominations for election to the Board may be made by the Board or by any shareholder of any outstanding class of capital stock of Trustmark entitled to vote for the election of directors. Nominations other than those made by or on behalf of the existing management of Trustmark shall be made in writing and shall be delivered or mailed to Trustmark s Chairman of the Board not less than fourteen days nor more than fifty days prior to any meeting of shareholders called for the election of directors; provided, however, that if less than twenty-one days notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the Chairman of the Board no later than the close of business on the seventh day following the day on which the notice of the meeting was mailed. Such notification shall contain the following information

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to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of capital stock of Trustmark that will be voted for each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of capital stock of Trustmark owned by the notifying shareholder.

Nominations not made in accordance with the above procedure may be disregarded by the Chairman of the meeting at his discretion, and upon his instruction, all votes cast for each such nominee may be disregarded.

Trustmark s bylaws permit direct nominations by shareholders. Therefore, the Nominating Committee does not have a policy for considering nominations by shareholders through the process outlined above. However, if a shareholder wishes to recommend an individual for Board service, rather than directly nominate the individual as set forth above, the shareholder may submit the individual s name to the Nominating Committee in writing addressed to Trustmark Corporation Nominating Committee, Post Office Box 291, Jackson, MS 39205 or by email to boardofdirectors@trustmark.com. In order to give the Nominating Committee adequate time to consider any such individual for nomination as a director at the 2010 Annual Meeting of Shareholders, such recommendations should be delivered no later than October 1, 2009. In considering an individual recommended by a shareholder but not directly nominated, the Nominating Committee will use the same guidelines as set forth in the Director Qualifications section below.

When identifying potential candidates for director nominees, the Nominating Committee may solicit suggestions from incumbent directors, management or others. With regard to the proposed nominees for 2009, all nominees have previously served on the Board, with the exception of Fred E. Carl, Jr., LeRoy G. Walker, Jr. and William G. Yates III, who were recommended for consideration by management.

Director Qualifications

The Board believes that in order to appropriately carry out their roles, directors must demonstrate a variety of personal traits, leadership qualities and competencies. In considering nominees submitted by the Board or management, the Nominating Committee will use these traits, leadership qualities and individual competencies to assess future director nominees suitability for Board service. Each director is required to own in his own right common or preferred stock of Trustmark having an aggregate par, fair market or equity value of not less than $1,000 as of the most recent of (i) the date of purchase, (ii) the date the person became a director or (iii) the date of the director s most recent election to the Board. Upon attaining the age of 68, a director is required to retire from the Board effective upon completion of his or her then current term of office.

Personal Traits

Board service is an extremely important, high profile role and carries with it significant responsibility. For that reason, it is important that all directors possess a certain set of personal traits, including:

Personal and Professional Integrity
Accountability
Informed Business Judgment
Mature Confidence
High Performance Standards
Initiative and Responsiveness
Business Credibility

Leadership Qualities

When seeking individuals to fill leadership roles, the following skill sets are required:

Communication Skills
Crisis Management Skills
Facilitation Skills
Relationship Building/Networking

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Individual Competencies

There are certain competencies that must be represented collectively by the directors on each Board committee, but each individual director need not necessarily possess all of them. The specific competencies vary by committee, as illustrated in the chart below:

	Board Committees				
Individual Director Competencies	**Audit and Finance**	**Executive**	**Human Resources**	**Nominating**	**Strategic Planning**
1. Financial Acumen					
Accounting & finance knowledge	ü	ü		ü	ü
Financial statement analysis	ü				
Knowledge of capital markets	ü				ü
Financial planning	ü				
Ability to communicate financial concepts in lay terms	ü				ü
2. Organizational Effectiveness					
Talent management			ü		
Understanding of compensation issues			ü		
Ability to discern candidate qualifications			ü		
3. Strategic Direction					
Vision		ü		ü	ü
Strategic perspective		ü		ü	ü
Technology knowledge	ü				
Industry knowledge	ü	ü		ü	ü

PROPOSAL 1: ELECTION OF DIRECTORS

The Board has fixed the number of directors for the coming year at twelve. The nominees listed herein have been proposed by the Board for election at the meeting. Retiring director William G. Yates, Jr. is the father of director-nominee William G. Yates III.

Shares represented by the proxies will, unless authority to vote is withheld, be voted in favor of the proposed slate of twelve nominees. In the election of directors, each shareholder may vote his shares cumulatively by multiplying the number of shares he is entitled to vote by the number of directors to be elected. This product constitutes the number of votes the shareholder may cast for one nominee or distribute among any number of nominees. The proxies reserve the right, in their discretion, to vote cumulatively. If a shareholder withholds authority for one or more nominees and does not direct otherwise, the total number of votes the shareholder is entitled to cast will be distributed among the remaining nominees.

Should any of these nominees be unable to accept the nomination, the votes which otherwise would have been cast for the nominee(s) will be voted for such other person(s) as the Board shall nominate. Each director is elected to hold office until the next annual meeting of shareholders or until a successor is elected and qualified. The persons who will be elected to the Board will be the twelve nominees receiving the highest number of votes.

The Board recommends that shareholders vote for the proposed nominees.

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THE NOMINEES

Name and Age at Record Date	
Adolphus B. Baker	**52**
Position, Principal Occupation During Past 5 Years and Directorships	
President and COO, Cal-Maine Foods, Inc. *(Producer and Distributor of Shell Eggs)* Director of Trustmark since 2007 Other Directorships: Trustmark National Bank, Cal-Maine Foods, Inc.	
Fred E. Carl, Jr.	**61**
President and CEO, Viking Range Corporation *(Manufacturer of Major Appliances and Related Culinary Products)* Nominated for Director of Trustmark in 2009 Other Directorships: Trustmark National Bank	
William C. Deviney, Jr.	**63**
CEO, Deviney Construction Company, Inc. *(Telecommunications Construction)* Director of Trustmark since 1995 Other Directorships: Trustmark National Bank	
Daniel A. Grafton	**62**
Retired President, L-3 Vertex Aerospace *(Provider of Aviation and Aerospace Services)* Director of Trustmark since 2007 Trustmark Corporation Committees: Executive Human Resources (Chairman) Nominating Strategic Planning Other Directorships: Trustmark National Bank	

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Name and Age at Record Date	
Richard G. Hickson	**64**
Position, Principal Occupation During Past 5 Years and Directorships	
Chairman, President and CEO, Trustmark Corporation; Chairman and CEO, Trustmark National Bank Director of Trustmark since 1997 Trustmark Corporation Committees: Executive Other Directorships: Trustmark National Bank	
David H. Hoster II	**63**
President and CEO, EastGroup Properties, Inc. *(Real Estate Investment Trust)* Director of Trustmark since 2008 Trustmark Corporation Committees: Audit and Finance Other Directorships: Trustmark National Bank, EastGroup Properties, Inc.	
John M. McCullouch	**61**
Retired President, AT&T Mississippi Director of Trustmark since 2005 Trustmark Corporation Committees: Executive Nominating (Chairman) Strategic Planning Other Directorships: Trustmark National Bank	
Richard H. Puckett	**54**
President and CEO, Puckett Machinery Company *(Distributor of Heavy Earth Moving Equipment)* Director of Trustmark since 1995 Trustmark Corporation Committees: Audit and Finance Other Directorships: Trustmark National Bank	

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Name and Age at Record Date	
R. Michael Summerford	**60**
Position, Principal Occupation During Past 5 Years and Directorships	
Former President and COO, ChemFirst, Inc. *(Manufacturer of Electronic and Specialty Chemicals)* Director of Trustmark since 2005 Trustmark Corporation Committees: Audit and Finance (Chairman) Executive Human Resources Nominating Strategic Planning Other Directorships: Trustmark National Bank	
LeRoy G. Walker, Jr.	**59**
President, LTM Enterprises, Inc. *(McDonald s Franchisee)* Nominated for Director of Trustmark in 2009 Other Directorships: Trustmark National Bank	
Kenneth W. Williams	**67**
President, Corinth Coca-Cola Bottling Works; President, Refreshments, Inc., and Refreshments of Tennessee, Inc.; Secretary/Treasurer, Weaver Consolidated Group, Inc. *(Soft Drink Bottler)* Director of Trustmark since 1998 Trustmark Corporation Committees: Audit and Finance Other Directorships: Trustmark National Bank	
William G. Yates III	**36**
President and CEO, W.G. Yates & Sons Construction Company *(Construction)* Nominated for Director of Trustmark in 2009 Other Directorships: Trustmark National Bank	

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STOCK

Securities Ownership by Certain Beneficial Owners and Management

The following table reflects the number of Trustmark common shares beneficially owned by (a) persons known by Trustmark to be the beneficial owners of more than 5% of its outstanding shares, (b) directors and nominees, (c) each of the named executive officers (NEOs) within the Executive Compensation section and (d) directors and executive officers of Trustmark as a group. The persons listed below have sole voting and investment authority for all shares except as indicated. The percentage of outstanding shares of common stock owned is not shown where less than 1%.

Name	**Shares Beneficially Owned** *as of 03/01/09 (1)*		**Percent of Outstanding Shares**
Robert M. Hearin Foundation Robert M. Hearin Support Foundation Post Office Box 16505 Jackson, Mississippi 39236	5,565,374	*(2)*	9.70%
Barclays Global Investors, NA Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	3,883,745	*(3)*	6.77%
Reuben V. Anderson	34,830	*(4)(5)*	
Adolphus B. Baker	16,571	*(4)(6)*	
Fred E. Carl, Jr.	2,655	*(7)*	
William C. Deviney, Jr.	35,637	*(4)(8)*	
Duane A. Dewey	51,217	*(9)*	
C. Gerald Garnett	21,063	*(4)(10)*	
Daniel A. Grafton	13,771	*(11)*	
Louis E. Greer	45,692	*(12)*	
Richard G. Hickson	464,021	*(13)(14)*	
Gerard R. Host	214,416	*(15)(16)*	
David H. Hoster II	1,467	*(17)*	
John M. McCullouch	7,186	*(18)*	
Richard H. Puckett	92,503	*(4)(19)*	
R. Michael Summerford	7,971	*(18)*	
Breck W. Tyler	47,797	*(20)*	
LeRoy G. Walker, Jr.	1,692	*(7)*	
Kenneth W. Williams	24,269	*(4)(21)*	
William G. Yates III	1,397	*(7)*	
William G. Yates, Jr.	32,346	*(22)(23)(24)*	
Directors and executive officers of Trustmark as a group	1,606,100	*(25)*	2.80%

(1) Includes options exercisable within 60 days of March 1, 2009.

(2) Includes 383,928 shares owned by the Robert M. Hearin

Foundation, 3,519,482 shares owned by the Robert M. Hearin Support Foundation, 1,388,964 shares owned by Capitol Street Corporation and 273,000 shares owned by Bay Street Corporation. Capitol Street Corporation is a 100% owned subsidiary of Galaxie Corporation, which may be deemed to be controlled by the Robert M. Hearin Support Foundation. Voting and investment decisions concerning shares beneficially owned by the Robert M. Hearin Foundation and the Robert M. Hearin Support Foundation are made by the Foundations trustees: Robert M. Hearin, Jr., Matthew L. Holleman III, Daisy S. Blackwell, E.E. Laird, Jr., Laurie H. McRee and Alan W. Perry.

(3) According to Schedule 13G

filed with the SEC on February 5, 2009, the following entities are the beneficial owners of an aggregate of 3,883,745 shares (or 6.77%) of Trustmark common stock: Barclays Global Investors, NA is the beneficial owner of 1,237,340 shares; and Barclays Global Fund Advisors is the beneficial owner of 2,646,405 shares. Together, these reporting persons have sole voting power with respect to 3,670,280 shares and sole dispositive power with respect to 3,883,745 shares. The foregoing information has been included solely in reliance upon, and without independent investigation of, the disclosures contained in the above-referenced Schedule 13G.

(4) Includes 10,000 shares the individual has the right to acquire through the exercise of options granted under Trustmark s

stock and incentive compensation plans.

(5) *Includes 1,411 shares owned by spouse and children as to which Mr. Anderson has no voting or investment control and 574 shares of restricted stock to which Mr. Anderson has sole voting power but which cannot be transferred prior to vesting.*

(6) *Includes 971 shares of restricted stock to which Mr. Baker has sole voting power but which cannot be transferred prior to vesting.*

(7) *Includes 397 shares which Mr. Carl, Mr. Walker and Mr. Yates have the right to acquire through the exercise of options.*

(8) *Includes 971 shares of restricted stock with respect to which Mr. Deviney has sole voting power but which cannot be transferred prior to vesting.*

(9) *Includes 34,000 shares that*

Mr. Dewey has the right to acquire through the exercise of options and 12,310 shares of restricted stock with respect to which Mr. Dewey has sole voting power but which cannot be transferred prior to vesting.

(10) Includes 574 shares of restricted stock to which Mr. Garnett has sole voting power but which cannot be transferred prior to vesting.

(11) Includes 12,000 shares as to which Mr. Grafton shares voting and investment power with his spouse, 800 shares Mr. Grafton has the right to acquire

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through the exercise of options granted under Trustmark s stock and incentive compensation plans and 971 shares of restricted stock with respect to which Mr. Grafton has sole voting power but which cannot be transferred prior to vesting.

(12) Includes 23,600 shares that Mr. Greer has the right to acquire through the exercise of options and 11,844 shares of restricted stock with respect to which Mr. Greer has sole voting power but which cannot be transferred prior to vesting.

(13) Includes 2,000 shares as to which Mr. Hickson shares voting and investment power with his spouse.

(14) Includes 272,500 shares that Mr. Hickson has the right to acquire through the exercise of options and 110,456 shares of restricted stock with respect to which Mr. Hickson has sole voting power but which cannot be

transferred prior to vesting.

(15) *Includes 21,469 shares owned by spouse and children as to which Mr. Host has no voting or investment control.*

(16) *Includes 117,111 shares that Mr. Host has the right to acquire through the exercise of options and 36,740 shares of restricted stock with respect to which Mr. Host has sole voting power but which cannot be transferred prior to vesting.*

(17) *Includes 467 shares of restricted stock with respect to which Mr. Hoster has sole voting power but which cannot be transferred prior to vesting.*

(18) *Includes 4,000 shares that Mr. McCullouch and Mr. Summerford have the right to acquire through the exercise of options and 971 shares of restricted stock with respect to which Mr. McCullouch and Mr. Summerford have sole voting power but which cannot be transferred prior to*

vesting.

(19) *Includes 79,882 shares owned by spouse and children as to which Mr. Puckett has no voting or investment control and 971 shares of restricted stock with respect to which Mr. Puckett has sole voting power but which cannot be transferred prior to vesting.*

(20) *Includes 25,700 shares that Mr. Tyler has the right to acquire through the exercise of options and 11,284 shares of restricted stock with respect to which Mr. Tyler has sole voting power but which cannot be transferred prior to vesting.*

(21) *Includes 971 shares of restricted stock with respect to which Mr. Williams has sole voting power but which cannot be transferred prior to vesting.*

(22) *Includes 12,276 shares as to which Mr. Yates shares voting and investment power with his spouse.*

(23) *Includes 9,000 shares that Mr. Yates has the right to acquire*

through the exercise of options and 574 shares of restricted stock with respect to which Mr. Yates has sole voting power but which cannot be transferred prior to vesting.

(24) *Includes 10,496 shares held by a corporation controlled by Mr. Yates for which he exercises voting rights.*

(25) *Includes shares held directly or indirectly by 25 individuals: the currently serving directors and NEOs listed herein, as well as Trustmark s other remaining executive officers and the General Counsel/Secretary. Of these shares, 9,235 shares are pledged as security.*

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1943 requires Trustmark s directors, executive officers and persons who own more than 10% of Trustmark s common stock to file reports of their ownership and changes in ownership of Trustmark s common stock. Trustmark prepares these reports for the directors and executive officers who request it on the basis of information obtained from them and Trustmark s records. Based on information available to Trustmark during 2008, we believe that all applicable Section 16(a) filing requirements were met.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Human Resources Committee. Trustmark s Human Resources Committee of the Board (the Committee) is currently comprised of Messrs. Grafton (Chairman), Anderson, Garnett and Summerford. The Committee operates under a written charter adopted by the Board. This charter is reviewed annually by the Committee and was last approved by the Board on January 27, 2009. The Board has determined that the members of the Committee are non-employee directors (within the meaning of Rule 16b-3 of the Exchange Act), outside directors (within the meaning of Section 162(m) of the Internal Revenue Code) and independent directors (within the meaning of Rule 4200(15) of the NASDAQ Marketplace Rules). In addition, no Committee member is a current or former associate of Trustmark or any of its subsidiaries.

The Committee s charter requires that members of the Committee possess certain competencies, although each member of the Committee is not required to possess all of these competencies. One or more members of the Committee must:

demonstrate knowledge and understanding of human capital management issues, including corporate manager/officer selection, training, retention and succession planning,

be familiar with all components of management compensation (such as base salary, annual incentives, restricted stock and other long-term incentives, perquisites and supplemental benefits), understanding the link between compensation and performance and how compensation can be used to support Trustmark s business strategy, and

demonstrate an ability to select and assess corporate officers, including experience or ability in developing officer selection criteria and creating performance standards and evaluation processes.

Board and Committee Process. The Committee is charged with ensuring that policies and practices are in place to facilitate (i) the development of Trustmark s and its principal subsidiary, Trustmark National Bank s (the Bank), management talent, (ii) orderly CEO succession, (iii) the setting of management and director compensation at competitive levels and (iv) Trustmark s corporate social responsibility. The CEO and the Director of Human Resources interface with the Committee in connection with the Committee s executive compensation decision-making, providing comparative data as well as making recommendations. The Committee also reviews, on at least an annual basis, Trustmark s management talent levels and

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management succession planning. Although considered officers of Trustmark Corporation under the rules and regulations of the Exchange Act, management of Trustmark, including the NEOs, are employed by the Bank rather than Trustmark Corporation. As employees of the Bank, the NEOs compensation is paid by the Bank, except for equity awards under Trustmark s stock and incentive compensation plans.

One of the Committee s primary roles is to initiate, develop and recommend for approval by the Board the cash and equity compensation of the CEO. The Committee s recommendation is based on its evaluation of the CEO s performance relative to annual corporate goals and objectives and in conjunction with comparative market data provided by the Committee s external compensation consultant and internal data provided by human resources personnel. For cash compensation of the other NEOs, the CEO and Director of Human Resources make recommendations to the Committee that are generally approved by the Committee and then recommended to the Bank Board for review and approval. The Committee also administers Trustmark s equity-based compensation plans and deferred compensation plans. With respect to equity compensation awarded to other NEOs and associates, the Committee reviews and recommends grants of performance-based restricted stock and time-based restricted stock for approval by the Board, generally based upon the recommendation of the CEO. The Committee has delegated authority to the CEO to grant limited equity awards, which are reviewed by the Committee.

The CEO and the Director of Human Resources establish the agenda for Committee meetings. The Committee reports regularly to the Board on matters relating to the Committee s responsibilities. In addition, the Committee follows regulatory and legislative developments and considers corporate governance best practices in performing its duties. In 2008, the Committee met seven times. The Committee periodically meets with the CEO and the Director of Human Resources to assess progress toward meeting objectives set by the Board for both annual and long-term compensation.

Participation in Capital Purchase Program. Trustmark participated in the Troubled Asset Relief Program (TARP) Capital Purchase Program (Capital Purchase Program) under the Emergency Economic Stabilization Act of 2008 (EESA), through which the U.S. Treasury Department (Treasury) invested approximately $215 million in Trustmark preferred stock and warrants on November 21, 2008. As a result of Trustmark s participation in the Capital Purchase Program, the EESA mandates that Trustmark implement certain restrictions and limitations on executive compensation, in particular severance pay, requires a review to ensure Trustmark s incentive compensation programs do not encourage senior executive officers, which are the same as the NEOs, to take excessive risks and limits tax deductions for senior executive pay. These restrictions, limitations and other requirements apply to Trustmark for as long as the Treasury holds preferred or common stock in Trustmark (the TARP Period). Trustmark s participation in the Capital Purchase Program was a catalyst for several actions:

- the Committee and Board approved an omnibus amendment to limit benefits of senior executive officers as required by the EESA, and all members of Trustmark s executive management, including the NEOs, consented to this omnibus amendment and executed waivers consenting to the restrictions and limitations required by the EESA rules;
- the Committee conducted a review of Trustmark s incentive programs from a risk perspective and concluded they do not encourage unnecessary or excessive risk; and
- the tax deductibility of a portion of the compensation earned by certain Trustmark NEOs is limited for 2008 and future years.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (the ARRA). The ARRA amends, among other things, the EESA by directing the Treasury to issue regulations implementing additional limitations on compensation paid or accrued by financial institutions, such as Trustmark, participating in the Capital Purchase Program. These limitations, as applicable to Trustmark, are to include:

- a prohibition on paying or accruing bonus, incentive or retention compensation for at least the five most highly-compensated employees, other than certain awards of restricted stock or bonuses payable under existing employment agreements;
- a prohibition on making any payments to the five NEOs and the next five most highly-compensated employees for departure from Trustmark other than compensation earned for services rendered or accrued benefits;

subjecting bonus, incentive and retention payments made to the five NEOs and the next 20 most highly-compensated employees to repayment (clawback) if based on statements of earnings, revenues, gains or other criteria that are later found to be materially inaccurate;

a prohibition on any compensation plan that would encourage manipulation of reported earnings;

establishment by the Board of a company-wide policy regarding excessive or luxury expenditures, including office and facility renovations, aviation or other transportation services and other activities or events that are not reasonable expenditures for staff development, reasonable performance incentives or similar measures in the ordinary course of business;

a say-on-pay proposal for a non-binding vote of shareholders at annual meetings, whereby shareholders vote, on a

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non-binding basis, to approve (or disapprove) the compensation of executives as disclosed pursuant to the executive compensation disclosures included in the proxy statement; and

a review by the Treasury of any bonus, retention awards or other compensation paid to the five NEOs and the next 20 most highly-compensated employees prior to February 17, 2009, to determine if such payments were inappropriate and negotiate for the reimbursement of such excess payments.

As noted, the ARRA directs the Treasury to issue regulations implementing the foregoing. There are numerous questions regarding the scope of the limitations and the requirements of the ARRA. None of the regulations mandated by the ARRA have been issued to date. Trustmark has already implemented the prior requirements of the EESA. Pending the issuance of regulations, the Board, Committee and management are reviewing the requirements of the ARRA, its impact on current and future compensation and the effect of the law s requirements on Trustmark s competitive position. When such regulations are published, the Committee promptly will make appropriate changes to Trustmark s executive compensation program. Actions required by the ARRA and consideration of competitive factors may include changes to the form and amount of compensation paid to Trustmark s executive officers, including adjustments to base salaries, the reduction or elimination of bonus compensation, a change in the form of restricted stock awards and/or modifications to existing agreements. Trustmark s ability to provide NEOs with short-term and long-term incentive pay during the TARP Period may be sharply curtailed by the ARRA.

Except as expressly mentioned otherwise, the following discussion does not address the effect, if any, compliance with the ARRA may have on Trustmark s executive compensation program, and references to the EESA refer to its requirements as applicable prior to the enactment of the ARRA.

Guiding Philosophy. The Committee s guiding philosophy is to attract and retain highly qualified executives and to motivate them to maximize shareholder value by achieving performance goals. The following objectives serve as guiding principles for all compensation decisions:

Providing competitive total compensation that will enable Trustmark to attract, retain and motivate highly qualified executives.

Aligning compensation opportunities with shareholder interests by making a portion of each NEO s compensation dependent on Trustmark s performance with respect to total shareholder return (TSR), return on average tangible equity (ROATE) and earnings per share (EPS) of Trustmark, in addition to strategic drivers such as operating efficiency, revenue growth, credit quality and net income for the company and/or lines of business, where applicable.

Providing an incentive for personal performance by making a portion of each NEO s base compensation dependent on realizing individual performance objectives.

Providing a strong emphasis on equity-based compensation and equity ownership, creating a direct link between shareholder and management interests.

Ensuring that incentive compensation paid to NEOs will normally be deductible for federal income tax purposes, but also recognizing that there are circumstances where deductibility is secondary and may not be permitted.

Ensuring that policies and practices are in place to develop management talent, establish effective corporate governance and set management compensation at competitive levels.

In making determinations on the mix and amount of executive compensation, the Committee reviews all components of executive compensation, including base salary, annual cash bonuses, equity-based compensation, costs of perquisites and any other form of compensation received from Trustmark. The Committee believes that the total compensation opportunity available to members of management should consist of base salary, annual bonuses, equity-based compensation, retirement benefits and perquisites, each of which is a standard compensation component for NEOs at Trustmark s peer institutions. The Committee reviews and recommends to the Board compensation levels for the CEO and recommends to the Bank Board compensation levels for the Bank s executive management based on Trustmark s performance, individual performance and experience, as well as peer comparisons and company affordability analysis. Based on its review, the Committee believes total compensation for Trustmark s NEOs for 2008 is generally in line with compensation levels for management of similar-sized financial institutions with Trustmark s level of corporate performance. The individual components of such compensation, however, may be higher or lower in some cases.

Benchmarking. The Committee is authorized to retain experts, consultants and other advisors to aid in the discharge of its duties. In accordance with the Committee s charter, the hiring of such advisors is at the Committee s discretion, except that the Chairman of the Committee must obtain approval of the Board for engagements that exceed $10,000 annually. For 2009, the Board has pre-approved an allowance of up to $100,000 for use by the Committee. Following a detailed executive compensation analysis by Wachovia Employer Solutions Group (Wachovia) in late 2006 and early 2007 regarding compensation for the CEO and the second highest-paid executive, to ensure that Trustmark s compensation levels were in line

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with compensation for management of similar-sized financial institutions with Trustmark s level of corporate performance, and as a matter of business prudence, the Committee requested that the Director of Human Resources during the second quarter of 2007 conduct a Request for Proposal (RFP) process on behalf of the Committee to evaluate compensation consultants for future work, including an extensive review of the compensation of the members of the Bank s executive management, including all of the NEOs. As a result of the RFP, the Committee retained Mercer (US) Inc. (Mercer) during the third quarter of 2007 to provide information, analyses and advice to aid in the determination of competitive executive pay, as described below. The Mercer consultant who performs these services reports directly to the Committee Chairman. At the Committee s direction, Mercer s services for the Committee during fiscal 2007 and 2008 for compensation to be awarded in 2008 included:

- evaluating the competitive positioning of Trustmark s NEOs base salaries, annual incentive and long-term incentive compensation relative to its peer group and the broader financial services industry,
- assessing the alignment of Trustmark compensation levels relative to performance of Trustmark against its peer group,
- providing ongoing advice as needed on the design of Trustmark s annual and long-term incentive plans,
- evaluating the impact of Trustmark s equity programs on annual share use, run rate and total dilution,
- evaluating the competitiveness of Trustmark s employment agreements relative to its peer group and the broader financial services industry, and
- assisting with the preparation of this Compensation Discussion and Analysis.

Mercer provided information to the Committee from published surveys and proxy statements of peer financial institutions in the United States. The peer group used by the Committee for this determination consists of a minimum of 15 financial institutions and is updated annually by the Committee, based on a process described in Trustmark s Executive Compensation Peer Group Policy that includes recommendations from internal sources, external sources, such as the compensation consultant, and the HR Director, with final approval by the Committee, to reflect the companies against which Trustmark competes for executive talent and for shareholder investment. The specific characteristics of the financial institutions comprising the peer group vary from year to year, but the companies are chosen based on having similar asset size to Trustmark, offering similar banking functions, having similar organizational structure and/or having similar corporate performance. The companies comprising this peer group in the 2007 Mercer study were the 23 financial institutions used for the equity-based grants approved by the Committee in the beginning of 2007, which had market capitalizations ranging from approximately $1.0 million to $3.0 billion and asset sizes ranging from approximately $6.0 billion to $18.0 billion. For comparison purposes, Trustmark s asset size was slightly above the median for this peer group, while its market capitalization was slightly below the median for this peer group.

In December 2007, Mercer provided an in-depth evaluation of the competitiveness of executive compensation and the alignment of executive pay and business performance, and developed recommendations for managing executive compensation in 2008. As part of its analysis, and with consent of the Committee Chairman, Mercer conducted interviews with 11 Trustmark executives to better understand their roles, as well as their perspectives on the existing compensation programs. Mercer also analyzed data on business performance for one- and three-year periods ending December 31, 2006, and December 31, 2007 (based on annualized results through September 30, 2007) for Trustmark and the peer companies. Using this information, along with proxy data from the peer group and survey data for financial services companies, Mercer evaluated the alignment of pay and performance, analyzed Trustmark s equity compensation practices in comparison to peer group practices, developed proposed updates to the compensation peer group for 2008 to replace peers that had been acquired and developed recommendations for managing executive pay in 2008. Mercer presented the results directly to the Committee and, after receiving feedback from the Committee and management, presented additional information and recommendations. The Committee approved the addition of four new companies to the peer group for 2008 to replace the four companies that had been acquired, added time-based restricted stock, widened the performance range for performance-based restricted stock and increased the Chief Financial Officer s (CFO) 2008 base salary to bring it more in line with CFO base salaries paid by Trustmark s peers. For 2008, the peer group consisted of the following companies:

Company Name	Ticker	Company Name	Ticker	Company Name	Ticker
BancorpSouth, Inc.	BXS	Hancock Holding Company	HBHC	UMB Financial Corporation	UMBF
Citizens Republic Bancorp, Inc.	CRBC	MB Financial, Inc.	MBFI	Umpqua Holdings Corporation	UMPQ
Commerce Bancshares, Inc.	CBSH	Old National Bancorp	ONB	United Bankshares, Inc.	UBSI
Cullen/Frost Bankers, Inc.	CFR	Pacific Capital Bancorp	PCBC	United Community Banks, Inc.	UCBI
First Midwest Bancorp, Inc.	FMBI	Park National Corporation	PRK	Valley National Bancorp	VLY
FirstMerit Corporation	FMER	South Financial Group, Inc.	TSFG	Webster Financial Corporation	WBS
F.N.B. Corporation	FNB	Sterling Financial Corporation	STSA	Whitney Holding Corporation	WTNY
Fulton Financial Corporation	FULT	Susquehanna Bancshares, Inc.	SUSQ		

None of the peer companies had experienced acquisition activity leading to removal, but some of the group did experience changes in market capitalization. Regarding Trustmark s peer group for 2009, in the past, market capitalization was a primary criteria, but Mercer recommended against using market capitalization as a primary criteria because of its potential volatility, placing more emphasis on comparative asset size. As a result, market capitalization reduction was not used to remove companies from the peer group for 2009, so the Committee decided to retain the same 23-institution peer group approved for 2008.

In the course of conducting its activities during 2008, Mercer attended three meetings (via teleconference) of the Committee and presented its findings and recommendations for discussion. All determinations regarding the amount or form of executive compensation under Trustmark s executive compensation program are ultimately approved by the Committee and reflect factors and considerations in addition to the information and advice provided by consultants. The Committee does not delegate its authority to compensation consultants nor to other parties, other than to the CEO, who may grant a limited number of equity awards for the purpose of retention and hiring of mid- to senior-level executives, as necessary.

Allocation Among Components. Although the Committee does not seek a specific allocation among the various compensation components, the percentages of salary, bonus and equity-based compensation compared to total compensation as earned in 2008 were as follows for the NEOs:

	Typical Base Salary	Typical Cash Bonus	Typical Equity Award
Hickson and Host	44%	22%	34%
Greer and Dewey	59%	19%	22%
Tyler	31%	51%	18%

The compensation package of Breck W. Tyler, Mortgage Services Manager, differs from other NEOs. In addition to the annual cash bonus opportunity under the management incentive plan, Mr. Tyler also receives a quarterly production incentive based on the mortgage department s production, which typically accounts for approximately 41% of his total compensation in a year. Mr. Tyler s typical cash bonus shown above reflects both his bonus under the management incentive plan and the quarterly production incentives earned in 2008.

In allocating compensation among these elements, the Committee believes that the compensation of the senior-most levels of management (the levels of management having the greatest ability to influence Trustmark s performance) should be significantly performance-based, while lower levels of management should receive a greater portion of their compensation in base salary. In making these decisions, the Committee relies in part upon the comparative data provided by the compensation consultant and Trustmark s human resources personnel, and in part on the recommendations of the CEO.

Because Trustmark s ability to provide NEOs with short-term and long-term incentive pay may be sharply curtailed by the ARRA, when the ARRA regulations are published, the Committee may allocate compensation elements differently during the TARP Period in order to both comply with the EESA, as amended by the ARRA, and fulfill Trustmark s executive compensation philosophy and goals.

Base Salaries. Base salary constitutes the foundation of each NEO s total compensation package and is generally the largest single component. Base salary is the only guaranteed cash payment an executive receives. Trustmark s goal is to provide its executive management with a level of assured cash compensation in the form of base salary that will attract and retain highly qualified executives. Trustmark also uses base salary to reward top performance, industry and job specific knowledge, experience and leadership ability.

The base salaries for Trustmark s NEOs are typically established in the first quarter of the year after Trustmark s financial information and performance results from the previous year are available. In establishing the CEO s base salary, the Committee generally considers the compensation consultant s analysis of salaries paid to CEOs among

Trustmark s peer institutions and recommendations for the CEO s compensation, as well as the CEO s individual performance and contributions relative to Trustmark s corporate goals. Due to a 2007 decision, based on management s commitment to achievement of financial objectives and controlling non-interest expenses, to move 30 senior management associates, including all of the NEOs, to an 18-month base salary increase cycle, the Committee determined that the CEO would not receive a base salary increase until March 2009. Thus, the base salary of the CEO was not increased in 2008.

In establishing base salaries of Trustmark s other NEOs, the Committee typically considers the recommendations of the CEO, which are based on individual responsibility level, individual and company performance, total compensation histories for each NEO, the comparative market data provided by the compensation consultant for similar positions and a general understanding of executive compensation in the financial services industry. In evaluating performance for the other NEOs for the Committee, the CEO uses the same metrics normally used for determining annual incentive plan awards (corporate drivers, strategic drivers and, for NEOs in a particular business unit, line of business goals). The Committee considers each of these factors but does not assign a specific value to any of them. The Committee s process also involves a subjective component in evaluating each officer s overall span of responsibility and control. For 2008, based on management s

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recommendation, the Committee determined the NEOs would not receive a base salary increase in 2008, continuing the 18-month base salary increase cycle that was scheduled to end March 2009. The CEO did recommend an 11.69% increase in 2008 base salary for the CFO, which was approved effective March 1, 2008, to move his salary to a more competitive level in the market, as highlighted by a recommendation from Mercer after a review of benchmark data.

The base salaries for 2007 and those approved for 2008, as of March 1, 2008, were as follows:

Name	2008 Base Salaries	2007 Base Salaries
Richard G. Hickson	$ 726,716	$ 726,716
Louis E. Greer	$ 215,000	$ 192,500
Gerard R. Host	$ 371,315	$ 371,315
Breck W. Tyler	$ 164,800	$ 164,800
Duane A. Dewey	$ 300,000	$ 300,000

In preparing the 2009 salary budget, as part of ongoing expense management, the CEO recommended and the Committee approved that the NEOs forgo a base salary increase originally planned for March 2009 for an indefinite time period. The Committee currently expects to continue providing cash bonuses under the management incentive plan and equity awards, both of which require the achievement of specific performance criteria. However, this approach may change when the ARRA regulations are published.

Annual Cash Bonuses. The Committee s practice is to award cash bonuses based upon the achievement of performance objectives in accordance with an annual management incentive plan. Cash bonuses generally constitute the second largest component of each NEO s total compensation package and constitute the largest cash component tied specifically to company performance. Cash bonuses are designed to reward performance that results in the achievement of Trustmark s corporate goals and objectives, as well as the achievement of business unit goals and objectives. Performance determines whether or not an executive will receive an annual cash bonus. Key features of the annual management incentive plan include:

a primary emphasis on corporate performance as measured by ROATE and EPS,

a qualitative assessment of strategic achievements in areas of management including operating efficiency, revenue growth, credit quality and net income for the company and/or lines of business, where applicable, and

a structured, objective approach to determine cash bonuses.

At the beginning of each year, the CEO recommends to the Committee cash bonus target levels for NEOs stated as a percentage of base salary, utilizing performance goals, including ROATE and EPS, established under the annual management incentive plan. Additionally, the Committee reviews market compensation data prepared by the compensation consultant and human resources personnel to ensure that proposed target levels provide an appropriate opportunity to earn bonuses and are competitive with Trustmark s peer institutions. The Committee then recommends these target levels for approval by the Board. In accordance with the management incentive plan, the Committee may exercise its discretion to increase or decrease the amount of an award earned under the plan or adjust the threshold payout level and minimum performance goals when the minimum performance goals are not achieved. Comparative data provided by Mercer in the last quarters of 2007 and 2008 indicated that Trustmark s compensation structure for executive management provided combined base salary and annual bonus awards that were slightly below the market median. In comparing Trustmark s CEO and COO compensation to 2007 business performance, a three-year pay and performance comparison with the 23 peer group companies indicated Trustmark s three-year business performance was near the 50th percentile, while the three-year total direct compensation was near the 43rd percentile, indicating performance results exceeded pay. The one-year business performance was near the 52nd percentile; however, the one-year payout of total cash compensation was near the 46th percentile, which was a slightly lower payout than performance results dictated.

For 2008, targets for NEOs were based on varying measured weightings with respect to corporate performance goals, strategic operational drivers and, for NEOs working in specific business units, business unit goals. For 2008 targets, the Committee decided to retain the approach used in 2007, except that the weightings for the newly designated COO were revised to align with the weightings for the CEO, rather than for a line of business result. For the CEO and the COO, target levels were weighted 75% on corporate performance (measuring actual results for EPS and ROATE compared to Trustmark s profit plan performance targets) and 25% on actual results for specific corporate strategic operational drivers such as operating efficiency, revenue growth, credit quality and net income compared to Trustmark s profit plan. For the other NEOs working in specific business units, target levels were weighted 30% to 40% on corporate performance goals and 60% to 70% on specific business unit net income. For NEOs not working in a specific business unit, target levels were weighted 65% on corporate performance goals and 35% on strategic operational drivers.

In accordance with the terms of his employment agreement, the CEO s overall target bonus payout level for 2008 was 70% of base salary, with a potential maximum of 100% of base salary. The COO s overall target bonus payout level for