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TRUSTMARK CORP
Form 11-K
June 24, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

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

For the transition period from _____ to _____

Commission File Number 0-3683

Full title of the Plan and the address of the Plan, if different from that of
the issuer named below:

Trustmark 401(k) Plan

Name of issuer of the securities held pursuant to the Plan and the address of
its principal executive office:

Trustmark Corporation
248 E. Capitol Street
Jackson, Mississippi 39201

TRUSTMARK 401(K) PLAN

Financial Statements and Schedule

December 31, 2003 and 2002

(Report of Independent Registered Public Accounting Firm Thereon)

TRUSTMARK 401(K) PLAN

Index to Financial Statements and Schedule

Report of Independent Registered Public Accounting Firm

Statements of Net Assets Available for Benefits as of December 31, 2003 and 2002

Statement of Changes in Net Assets Available for Benefits for the year ended

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December 31, 2003 and 2002

Notes to Financial Statements

Supplemental Schedule:

Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2003

All other schedules are omitted because there is no information to report.

Report of Independent Registered Public Accounting Firm

The Plan Administrator
Trustmark 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of Trustmark 401(k) Plan (the Plan) as of December 31, 2003 and 2002, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2003 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2003 financial statements taken as a whole.

/s/ KPMG LLP

Jackson, Mississippi
June 7, 2004

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TRUSTMARK 401(K) PLAN Statements of Net Assets Available for Benefits December 31, 2003 and 2002

| | 2003 | 2002 |
|---------------------------------------|---------------|---------------|
| | ----- | ----- |
| Receivables: | | |
| Employer contributions | \$ 231,240 | \$ 123,895 |
| Participants contributions | 191,042 | 193,956 |
| Investment proceeds | 240,014 | - |
| | ----- | ----- |
| Total receivables | 662,296 | 317,851 |
| Investments, at fair value: | | |
| Money market accounts | 14,944,873 | 14,377,264 |
| Fixed income mutual funds | 4,989,877 | 6,094,106 |
| Common stock of Trustmark Corporation | 55,284,620 | 53,648,075 |
| Equity mutual funds | 34,381,716 | 23,135,259 |
| | ----- | ----- |
| Total investments | 109,601,086 | 97,254,704 |
| | ----- | ----- |
| Net assets available for benefits | \$110,263,382 | \$ 97,572,555 |
| | ===== | ===== |

See accompanying notes to financial statements.

TRUSTMARK 401(K) PLAN Statement of Changes in Net Assets Available for Benefits Years ended December 31, 2003 and 2002

| | 2003 | 2002 |
|---|---------------|---------------|
| | ----- | ----- |
| Contributions: | | |
| Employer | \$ 3,178,679 | \$ 2,870,482 |
| Participants | 5,138,254 | 4,935,396 |
| | ----- | ----- |
| Total contributions | 8,316,933 | 7,805,878 |
| | ----- | ----- |
| Net investment income: | | |
| Net appreciation (depreciation) in fair value of investments | 17,159,125 | (5,022,263) |
| Interest income | 1,627,766 | 540,317 |
| Dividend income | 1,347,219 | 1,715,667 |
| | ----- | ----- |
| Net investment income (loss) | 20,134,110 | (2,766,279) |
| | ----- | ----- |
| Benefits paid to participants | (15,592,475) | (9,609,509) |
| Administrative fees | (167,741) | (180,421) |
| | ----- | ----- |
| Net increase (decrease) in net assets available for benefits | 12,690,827 | (4,750,331) |
| Net assets available for benefits: | | |
| Beginning of year | 97,572,555 | 102,322,886 |
| | ----- | ----- |
| End of year | \$110,263,382 | \$ 97,572,555 |
| | ===== | ===== |

See accompanying notes to financial statements.

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TRUSTMARK 401(K) PLAN Notes to Financial Statements December 31, 2003 and 2002

(1) Plan Description

The following description of Trustmark 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan established for the employees of Trustmark Corporation (the Company) and certain other associated companies. The Plan provides eligibility for participation on the first day of the month following the completion of at least 1,000 hours of service during the twelve-month period ending on the anniversary of a person's employment commencement date.

(b) Plan Administration

The Plan's record keeping functions are handled by Nationwide Life Insurance Company and Nationwide Trust Company. Trustmark National Bank serves as the Plan's trustee. The plan administrator and sponsor is Trustmark Corporation, parent company of Trustmark National Bank. Prior to January 31, 2002, Bysis Plan Services and Frontier and Reliance Trusts served as record keeper and trustees, respectively.

(c) Participants Contributions

The Plan allows participants to make voluntary before-tax salary deferral contributions, through payroll deductions, to separately invested funds in accordance with Section 401(k) of the Internal Revenue Code. If certain requirements of Internal Revenue Code Section 401(k) are not met in Plan operation, the salary deferral agreements of participants may, on a nondiscriminatory and uniform basis, be amended or revoked to preserve the qualified status of the Plan. Voluntary after-tax contributions by participants are not allowed. Participants may direct investment of their voluntary contributions among several investment options.

Participants may elect to contribute up to 25% of eligible compensation each period, subject to regulatory limitations. Additionally, rollover contributions from individual retirement accounts or other qualified plans are allowed.

In 2002, the Plan was amended, whereby, participants who were age 50 years or older by the end of calendar year were able to make catch-up contributions to the Plan. Catch-up contributions represent employee compensation deferrals in excess of certain plan limits and statutory limits including IRS annual deferral limits. The IRS annual deferral limits and annual catch-up contribution limits are indicated in the following schedule:

| Calendar year | Deferral limit | Catch-up contribution limit |
|---------------|----------------|-----------------------------|
| 2002 | \$11,000 | \$1,000 |
| 2003 | 12,000 | 2,000 |
| 2004 | 13,000 | 3,000 |

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| | | |
|------------|--------------------------------|--------------------------------|
| 2005 | 14,000 | 4,000 |
| 2006 | 15,000 | 5,000 |
| Thereafter | Indexed in \$500 increments | Indexed in \$500 increments |

(d) Employer Contributions

All employee contributions are matched by the employer at a rate of 100% of the first 3% and 50% of the next 3% of covered compensation. The employer may also make discretionary contributions.

(e) Allocations

Participant and employer contributions are allocated directly to each participant's account in accordance with the individual participant's elections. Forfeitures of nonvested employer discretionary accounts are used to reduce the employer match contribution. During 2003 and 2002, the Plan utilized \$23,192 and \$154,037 in forfeitures as employer contributions, respectively.

(f) Vesting

Participants are immediately vested in their voluntary contributions and employer matching contributions and the investment earnings and losses thereon. Participants vest in the employer discretionary contributions as shown in the following schedule:

| Years vesting service | Vested percentage |
|-----------------------|-------------------|
| Less than 5 | 0% |
| 5 or more | 100% |

In case of termination of the Plan, the value of each participant's share of the Plan becomes fully vested as of the date of such termination. In addition, a participant is fully vested in such participant's share of the Plan upon achieving the age of sixty-five.

(g) Payment of Benefits

On retirement, death, disability, or termination of service, a participant may elect to receive a lump-sum distribution equal to his or her vested account balance or a life annuity. In addition, hardship distributions are permitted if certain criteria are met.

(h) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. However, no such action may deprive any participant or beneficiary under the Plan of any vested benefit.

(2) Significant Accounting Policies

(a) Basis of Presentation

The Plan's financial statements are prepared using the accrual basis of accounting, with the exception of the payment of benefits, which are recognized as a reduction in the net assets available for benefits of the Plan as they are disbursed to participants. Purchases and sales of securities are recorded on a trade-date basis.

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(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Valuation of Investments

Investments are stated at fair value. The fair value of mutual funds and other securities traded on a national securities exchange are valued at the closing quoted market price on the last business day of the year.

(d) Net Appreciation (Depreciation) in Fair Value of Investments

Net appreciation (depreciation) in fair value of investments, as recorded in the accompanying statement of changes in net assets available for benefits, includes changes in fair value of investments acquired, sold, or held during the year.

(e) Administrative Fees

Administrative fees are paid by the Plan. All other fees, including professional fees, are paid by the Company.

(3) Investments

The fair value of individual investments that represent 5% or more of the Plan's net assets as of December 31, 2003 and 2002 are as follows:

| | December 31, | |
|--|--------------|--------------|
| | 2003 | 2002 |
| Investment at fair value as determined by quoted market price: | | |
| Common stock of Trustmark Corporation | \$55,284,620 | \$53,648,075 |
| Performance Funds Trust Mutual Funds: | | |
| Large-Cap Equity Fund | 7,120,723 | 6,047,890 |
| Mid-Cap Equity Fund | 7,402,858 | 5,484,933 |
| Investments at cost, which approximates fair value: | | |
| Federated Capital Preservation Fund | 13,027,583 | 13,768,069 |

During 2003 and 2002, the Plan's investments (including investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

| | December 31, | |
|---|--------------|--------------|
| | 2003 | 2002 |
| Investments at fair value as determined by quoted market price: | | |
| Trustmark Corporation Stock Fund | \$10,791,486 | \$ 1,419,642 |
| Mutual funds | 6,367,639 | (6,441,905) |

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| | | |
|---|--------------|---------------|
| | ----- | ----- |
| Net appreciation (depreciation) in fair value of investments | \$17,159,125 | \$(5,022,263) |
| | ===== | ===== |

(4) Income Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated November 19, 2001, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(5) Related Parties

Trustmark National Bank serves as the investment advisor for the Performance Funds Trust Mutual Funds. Trustmark Corporation is the parent Company of Trustmark National Bank. Trustmark National Bank also serves as the Plan's trustee.

(6) Reconciliation of Financial Statements to Form 5500

As of December 31, 2003, the Plan had \$468 of pending distributions to participants who elected to withdraw from the Plan. This amount is recorded as a liability in the Plan's Form 5500; however, this amount is not recorded as a liability in the accompanying statement of net assets available for benefits in accordance with accounting principles generally accepted in the United States of America.

The following is a reconciliation of benefits paid to participants per the accompanying financial statements to the Form 5500 as filed by the Company for the year ended December 31, 2003:

| | | |
|---|--|------------------|
| | | Benefits paid |
| | | ----- |
| Per accompanying financial statements | | \$15,592,475 |
| 2003 amounts pending distribution to participants | | 468 |
| | | ----- |
| Per Form 5500 | | \$15,592,943 |
| | | ===== |

The following table is a reconciliation of benefits payable and net assets available for benefits per the accompanying financial statements to the Form 5500 as filed by the Company for the year ended December 31, 2003:

| | | | |
|---|--------------------|-------|--|
| | | | Net assets available for plan benefits |
| | Benefit payable | ----- | ----- |
| Per accompanying financial statements | \$ - | | \$ 110,263,382 |
| 2003 amounts pending distribution to participants | 468 | | (468) |
| | | ----- | ----- |
| Per Form 5500 | \$ 468 | | \$ 110,262,914 |
| | ===== | | ===== |

(7) Contingencies

The Company and its subsidiaries are parties to lawsuits and other claims

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that arise in the ordinary course of business. Some of the lawsuits assert claims related to various 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, that the final resolution of pending legal proceedings will not have a material impact on the Company's or the Plan's consolidated financial position or results of operations.

(8) Subsequent Events

Effective January 1, 2004, the Plan was amended to include several new provisions. The Plan will provide eligibility for participation in elective deferrals by employees on the first day of the month after thirty (30) days of employment. The amendment will have no effect on the eligibility of employees to receive employer contributions. Also effective January 1, 2004, participants will be 100% vested in all employer contributions made on their behalf including those non-vested contributions remaining in the Plan on January 1, 2004, but deposited by the employer at an earlier date. The Plan will also provide for participants the opportunity to annually elect that cash dividends paid on employer stock either (1) be reinvested in shares of employer stock, or (2) be paid to the participant's account in cash.

TRUSTMARK 401(K) PLAN
 Plan Sponsor: Trustmark Corporation
 Plan Sponsor: EIN 64-0471500
 Plan Number: 002
 Schedule H, Line 4i - Schedule of
 Assets (Held at End of Year)
 December 31, 2003

| Identity of issuer | Description | Current value |
|----------------------------|--|---------------|
| Money market account: | | |
| Federated | Capital Preservation Fund | \$ 13,027,583 |
| Gartmore | Money Market Inst. Fund | 1,202,728 |
| AllianceBernstein | Inst.Money Market Fund | 714,562 |
| Fixed income mutual funds: | | |
| * Performance Funds Trust | Short Term Govt. Inst.Fund | 1,696,437 |
| * Performance Funds Trust | Intermediate Term Govt. Inst.Fund | 1,896,409 |
| Dreyfus | GNMA Fund | 418,041 |
| PIMCO | Total Return Fund | 978,990 |
| Common stock fund: | | |
| * Trustmark Corporation | Common Stock Fund | 55,284,620 |
| Equity mutual funds: | | |
| * Performance Funds Trust | Leader's Equity Fund | 472,015 |
| * Performance Funds Trust | Large-Cap Equity Fund | 7,120,723 |
| * Performance Funds Trust | Mid-Cap Equity Fund | 7,402,858 |
| Dreyfus | Mid-Cap Value Fund | 3,286,271 |
| Franklin | Balance Sheet Investment Fund | 1,452,726 |
| Franklin | Mutual Discovery Fund | 842,783 |
| Gartmore | Inv. Destinations Aggr. Svc. Fund | 416,558 |
| Gartmore | Inv. Destinations Cons. Svc. Fund | 28,607 |
| Gartmore | Inv. Destinations Mod. Svc. Fund | 273,874 |
| Gartmore | Inv. Destinations Mod. Aggr. Svc. Fund | 581,460 |
| Gartmore | Inv. Destinations Mod. Cons. Svc. Fund | 92,353 |

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| | | |
|---------------|--------------------------------|---------------|
| Goldman Sachs | CORE Small Cap. Equity Fund | 3,518,963 |
| INVESCO | Dynamics Inv. Fund | 200,451 |
| Neuberger | Neuberger Berman Genesis Trust | 2,403,864 |
| Oppenheimer | Global Fund | 763,086 |
| Van Kampen | Equity & Income Fund | 2,632,090 |
| Van Kampen | Emerging Growth Fund | 1,341,359 |
| Templeton | Foreign Fund | 1,551,675 |
| | | ----- |
| | | \$109,601,086 |
| | | ===== |

* Denotes related party based on the following relationships:

Trustmark National Bank serves as investment advisor for Performance Funds Trusts; Trustmark Corporation is the parent company of Trustmark National Bank.

See accompanying independent auditors' report.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

Trustmark 401(k) Plan
Trustmark Corporation, Plan Administrator

By: /s/ Louis E. Greer

Louis E. Greer
Chief Accounting Officer

June 24, 2004