

TRUSTMARK CORP
Form 11-K
June 21, 2007

UNITED STATES
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, 2006

OR

- 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 Supplemental Schedule

December 31, 2006 and 2005

(Report of Independent Registered Public Accounting Firm Thereon)

TRUSTMARK 401(k) PLAN

Financial Statements and Supplemental Schedule

December 31, 2006 and 2005

Table of Contents

| | Page |
|--|-------------|
| Report of Independent Registered Public Accounting Firm | 1 |
| Financial Statements: | |
| Statements of Net Assets Available for Benefits as of December 31, 2006 and 2005 | 2 |
| Statement of Changes in Net Assets Available for Benefits for the years ended December 31, 2006 and 2005 | 3 |
| Notes to Financial Statements | 4 |
| Supplemental Schedule: | |
| Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2006 | 9 |
| Signatures | 10 |
| Exhibit 23 - Consent of Independent Registered Accounting Firm | 11 |

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 the Trustmark 401(k) Plan (the Plan) as of December 31, 2006 and 2005, and the related statements 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 audits provide 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, 2006 and 2005, and the changes in net assets available for benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

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 presented for the purpose of additional analysis and 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 2006 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2006 financial statements taken as a whole.

/s/ KPMG LLP

Jackson, Mississippi
June 18, 2007

TRUSTMARK 401(k) PLAN
 Statements of Net Assets Available for Benefits
 December 31, 2006 and 2005

| | 2006 | 2005 |
|---------------------------------------|----------------|----------------|
| Investments, at fair value: | | |
| Money market accounts | \$ 19,628,174 | \$ 18,510,592 |
| Fixed income mutual funds | 5,169,842 | 5,646,051 |
| Common stock of Trustmark Corporation | 47,138,446 | 47,344,435 |
| Equity mutual funds | 78,094,495 | 61,573,347 |
| Total investments | 150,030,957 | 133,074,425 |
| Receivables: | | |
| Employer contributions | 224,638 | 204,431 |
| Participant contributions | 242,567 | 211,604 |
| Rollover contributions | — | 41,603 |
| Total receivables | 467,205 | 457,638 |
| Net assets available for benefits | \$ 150,498,162 | \$ 133,532,063 |

See accompanying notes to financial statements.

TRUSTMARK 401(k) PLAN
Statements of Changes in Net Assets Available for Benefits
Years ended December 31, 2006 and 2005

| | 2006 | 2005 |
|--|-------------------|-------------------|
| Contributions: | | |
| Employer | \$ 3,769,358 | \$ 3,484,912 |
| Participant | 6,881,933 | 6,386,364 |
| Rollover | 405,404 | 437,301 |
| Total contributions | 11,056,695 | 10,308,577 |
| Net investment income: | | |
| Net appreciation (depreciation) in fair value of investments | 7,703,962 | (2,902,306) |
| Interest and dividends | 10,173,119 | 4,102,343 |
| Net investment income | 17,877,081 | 1,200,037 |
| Benefits paid to participants | (11,668,218) | (7,765,634) |
| Net assets received from merged plans | — | 5,890,821 |
| Administrative fees | (299,459) | (264,566) |
| Net increase in net assets available for benefits | 16,966,099 | 9,369,235 |
| Net assets available for benefits: | | |
| Beginning of year | 133,532,063 | 124,162,828 |
| End of year | \$ 150,498,162 | \$ 133,532,063 |

See accompanying notes to financial statements.

TRUSTMARK 401(k) PLAN
Notes to Financial Statements
December 31, 2006 and 2005

(1) Plan Description

The following description of the 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 associates of Trustmark Corporation (the Corporation) and certain other associated companies. The plan is subject to the provisions of the Employee Retirement Income Security Act (ERISA) of 1974.

(b) Eligibility

The Plan provides eligibility for participation in elective deferrals by employees on the first day of the month after thirty days of employment and in employer matching contributions on the first day of the month following 1,000 hours and one year of service.

(c) Plan Administration

Nationwide Life Insurance Company and Nationwide Trust Company serve as custodian of the Plan's assets. The plan administrator and sponsor is Trustmark Corporation, parent company of Trustmark National Bank. The plan's trustee functions are handled by Trustmark National Bank.

(d) Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Corporation's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(e) Participant 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 (IRC). If certain requirements of IRC 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 elect to contribute up to 25% of eligible compensation each period, subject to regulatory limitations. Any excess contributions must be returned to the applicable participant by April 15 of the calendar year following the year of excess contributions. The Plan allows for rollover contributions from individual retirement accounts, IRC Section 457(b) plans or other qualified plans.

(Continued)

TRUSTMARK 401(k) PLAN

Notes to Financial Statements

December 31, 2006 and 2005

Provisions of the Plan allow participants who were age 50 years or older by the end of the calendar year to make catch-up contributions to the Plan. Catch-up contributions represent associate compensation deferrals in excess of certain plan limits and statutory limits, including Internal Revenue Service (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 |
|----------------------|-----------------------------|------------------------------------|
| 2005 | \$ 14,000 | \$ 4,000 |
| 2006 | 15,000 | 5,000 |
| 2007 | 15,500 | 5,000 |
| Thereafter | Indexed in \$500 increments | Indexed in \$500 increments |

(f) Employer Contributions

Eligible participant 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.

(g) Investment Options

Participants may direct the investment of their account balance among several investment options.

(h) Vesting

Participants are immediately vested in their voluntary contributions, employer contributions made on their behalf, and the investment earnings and losses thereon.

(i) 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 account balance or in installments. In addition, hardship distributions are permitted if certain criteria are met.

(j) Plan Termination

Although it has not expressed any intent to do so, the Corporation 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.

(Continued)

TRUSTMARK 401(k) PLAN
Notes to Financial Statements
December 31, 2006 and 2005

(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.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 and Income Recognition

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. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

(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 the 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 Corporation.

(f) Risks and Uncertainties

The Plan's investments include funds which invest in various types of investment securities and in various companies within various markets. Investment securities are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

(Continued)

TRUSTMARK 401(k) PLAN
Notes to Financial Statements
December 31, 2006 and 2005

(3) Investments

The fair value of individual investments that represent 5% or more of the Plan's net assets as of December 31, 2006 and 2005, are as follows:

| | December 31, | |
|---|---------------|---------------|
| | 2006 | 2005 |
| Investments at fair value as determined by quoted market price: | | |
| Common stock of Trustmark Corporation | \$ 47,138,446 | \$ 47,344,435 |
| Performance Funds Trust Mutual Funds: | | |
| Large-Cap Equity Fund | 9,188,892 | 9,934,188 |
| Mid-Cap Equity Fund | 10,046,878 | 11,503,796 |
| Van Kampen Equity and Income Fund | 8,471,983 | — |
| Investments at cost, which approximates fair value: | | |
| Federated Capital Preservation Fund | 14,506,568 | 15,817,992 |

During 2006 and 2005, the Plan's investments (including investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

| | December 31, | |
|---|--------------|----------------|
| | 2006 | 2005 |
| Investments at fair value as determined by quoted market price: | | |
| Common stock of Trustmark Corporation | \$ 7,238,190 | \$ (7,770,850) |
| Mutual funds | 465,772 | 4,868,544 |
| Net appreciation (depreciation) in fair value of investments | \$ 7,703,962 | \$ (2,902,306) |

(Continued)

TRUSTMARK 401(k) PLAN
Notes to Financial Statements
December 31, 2006 and 2005

The Plan provides participants the opportunity to annually elect whether cash dividends paid on employer stock will be invested in shares of employer stock within the individual participant's account or be paid to the participant in cash.

(4) Tax Status

The IRS has determined and informed the Corporation by a letter dated November 19, 2001, that the Plan and related trust are designed in accordance with applicable sections of the 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. For the years ended December 31, 2006 and 2005, dividends of \$1,297,155 and \$1,448,315 were received by the Plan from the Corporation.

(6) Contingencies

The Corporation and its subsidiaries are parties to lawsuits and other claims that arise in the ordinary course of business. Some of the lawsuits assert claims related to 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 Corporation or the Plan's financial statements.

(7) Mergers With Other Plans

On March 1, 2005, assets totaling \$5,403,429 from the Dan Bottrell Agency, Inc. Profit Sharing 401(k) Plan and Trust, the sponsor of which is a subsidiary of Trustmark National Bank, were merged into the Plan.

On December 19, 2005, assets totaling \$134,748 and \$352,644 from the Barret Bancorp 401(k) Plan and Somerville Bank & Trust Company 401(k) Plan, respectively, were merged into the Plan. The sponsors of these plans are subsidiaries of Trustmark Corporation.

(8) Subsequent Events

Effective January 1, 2007, the Corporation increased its employer matching contributions to 100% of the first 6% of covered compensation. Effective February 1, 2007, the Corporation named Federated Retirement Plan Services as custodian of the Plan's assets.

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, 2006

| Identity of issuer | Description | Shares/Units Held | Current value |
|-----------------------------------|---|--------------------------|----------------------|
| Money market account: | | | |
| Federated | Capital Preservation Fund | 11,886,965 u | \$ 14,506,568 |
| Gartmore | Money Market Institutional Fund | 4,003,744 u | 4,344,141 |
| Prime Management | Obligations Capital Fund | 776,863 s | 776,863 |
| Gartmore | Money Market Security Fund | 490 u | 602 |
| Fixed income mutual funds: | | | |
| * Performance Funds Trust | Short Term Government Income Fund | 182,854 s | 1,777,336 |
| * Performance Funds Trust | Intermediate Term Government Income Fund | 163,269 s | 1,645,752 |
| PIMCO | Total Return Fund | 124,126 s | 1,288,423 |
| Dreyfus | GNMA Fund | 32,074 s | 458,331 |
| Common stock fund: | | | |
| * Trustmark Corporation | Common Stock Fund | 1,441,102 s | 47,138,446 |
| Equity mutual funds: | | | |
| * Performance Funds Trust | Mid Cap Equity Fund | 828,950 s | 10,046,878 |
| * Performance Funds Trust | Large Cap Equity Fund | 816,790 s | 9,188,892 |
| * Performance Funds Trust | Leaders Equity Fund | 187,435 s | 1,698,159 |
| AIM | Dynamics Fund | 5,060 s | 107,375 |
| Dreyfus | Mid-Cap Value Fund | 137,264 s | 4,403,412 |
| Franklin | Balance Sheet Investment Fund | 83,855 s | 5,593,961 |
| Franklin | Mutual Discovery Fund | 245,247 s | 7,394,203 |
| Gartmore | Investor Destinations Aggressive Services Fund | 197,676 s | 2,166,530 |
| Gartmore | Investor Destinations Conservative Services Fund | 34,869 s | 359,499 |
| Gartmore | Investor Destinations Moderate Services Fund | 97,087 s | 1,065,047 |
| Gartmore | Investor Destinations Moderately Aggressive Services Fund | 235,011 s | 2,606,267 |
| Gartmore | Investor Destinations Moderately Conservative Services Fund | 39,552 s | 417,664 |
| Goldman Sachs | CORE Small Cap Equity Fund | 316,387 s | 4,536,982 |
| Goldman Sachs | Growth Opportunity Fund | 13,378 s | 290,697 |
| JP Morgan | Mid-Cap Value A Fund | 105,511 s | 2,717,963 |
| Neuberger | High Income Bond Fund | 39,851 s | 366,626 |
| Neuberger | Neuberger Berman Genesis Trust | 115,035 s | 5,490,641 |

Edgar Filing: TRUSTMARK CORP - Form 11-K

| | | | | |
|---------------|-----------------------------|---------|---|----------------|
| Oppenheimer | Global Fund | 54,622 | s | 4,015,239 |
| Van Kampen | Equity & Income Fund | 928,946 | s | 8,471,983 |
| Van Kampen | Strategic Growth Fund | 20,070 | s | 857,610 |
| T. Rowe Price | Preferred Growth Stock Fund | 66,417 | s | 2,072,870 |
| Templeton | Foreign Fund | 309,824 | s | 4,225,997 |
| | | | | \$ 150,030,957 |

* Denotes party-in-interest based on the following relationship:

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

See accompanying report of independent registered public
accounting firm.

- 9 -

Signatures

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

/s/ Louis E. Greer

Louis E. Greer
Treasurer and Principal Financial Officer

June 21, 2007