

FIRST HORIZON NATIONAL CORP
Form DEF 14A
March 13, 2006

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

- Filed by the Registrant
- Filed by a party other than the Registrant
- Check the appropriate box:
- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

FIRST HORIZON NATIONAL CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.

(3) Filing Party:

(4) Date Filed:

March 13, 2006

Dear Shareholders:

You are cordially invited to attend First Horizon National Corporation's 2006 annual meeting of shareholders. We will hold the meeting on April 18, 2006, in the Auditorium, First Tennessee Building, 165 Madison Avenue, Memphis, Tennessee, at 11:00 a.m. CDT. We have attached the formal notice of the annual meeting, our 2006 proxy statement, and a form of proxy.

At the meeting, we will ask you to elect four Class I directors and one Class III director, approve the 2003 Equity Compensation Plan, as amended, and ratify the appointment of KPMG LLP as our independent auditors for 2006. The attached proxy statement contains information about these matters.

Our annual report to shareholders, which contains detailed financial information relating to our activities and operating performance during 2005, is being delivered to you with our proxy statement but is not deemed to be "soliciting material" under SEC Regulation 14A.

Our registered shareholders that have access to the Internet have the opportunity to receive proxy statements electronically. If you have not already done so for this year, we encourage you to elect this method of receiving the proxy statement next year. Not only will you have access to the document as soon as it is available, but you will be helping us to save expense dollars. If you vote electronically, you will have the opportunity to give your consent at the conclusion of the voting process.

Your vote is important. You may vote by telephone or over the Internet or by mail, or if you attend the meeting and want to vote your shares, then prior to the balloting you should request that your form of proxy be withheld from voting. We request that you vote by telephone or over the Internet or return your proxy card in the postage-paid envelope as soon as possible.

Sincerely yours,

J. KENNETH GLASS
Chairman of the Board,
President and Chief Executive Officer

FIRST HORIZON NATIONAL CORPORATION
165 Madison Avenue
Memphis, Tennessee 38103

NOTICE OF ANNUAL SHAREHOLDERS' MEETING
April 18, 2006

The annual meeting of shareholders of First Horizon National Corporation will be held on April 18, 2006, at 11:00 a.m., CDT, in the Auditorium, First Tennessee Building, 165 Madison Avenue, Memphis, Tennessee.

The items of business are:

1. Election of four Class I directors to serve until the 2009 annual meeting of shareholders and one Class III director to serve until the 2008 annual meeting of shareholders, or in both cases until their successors are duly elected and qualified.
2. Approval of the 2003 Equity Compensation Plan, as amended.
3. Ratification of the appointment of auditors.

These items are described more fully in the following pages, which are made a part of this notice. The close of business on February 24, 2006, is the record date for the meeting. All shareholders of record at that time are entitled to vote at the meeting.

Management requests that you vote by telephone or over the Internet (following the instructions on the enclosed form of proxy) or that you sign and return the form of proxy promptly, so that if you are unable to attend the meeting your shares can nevertheless be voted. You may revoke a proxy at any time before it is exercised at the annual meeting in the manner described on page 1 of the proxy statement.

CLYDE A. BILLINGS, JR.
Senior Vice President,
Assistant General Counsel
and Corporate Secretary

Memphis, Tennessee
March 13, 2006

IMPORTANT NOTICE

PLEASE (1) VOTE BY TELEPHONE OR (2) VOTE OVER THE INTERNET OR (3) MARK, DATE, SIGN AND PROMPTLY MAIL THE ENCLOSED FORM OF PROXY IN THE ENCLOSED ENVELOPE SO THAT YOUR SHARES WILL BE REPRESENTED AT THE MEETING.

PROXY STATEMENT
FIRST HORIZON NATIONAL CORPORATION
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PROXY STATEMENT
FIRST HORIZON NATIONAL CORPORATION
165 Madison Avenue
Memphis, Tennessee 38103

GENERAL MATTERS

The following proxy statement is being mailed to shareholders beginning on or about March 16, 2006. The Board of Directors is soliciting proxies to be used at our annual meeting of shareholders to be held on April 18, 2006, at 11:00 a.m., CDT, in the Auditorium, First Tennessee Building, 165 Madison Avenue, Memphis, Tennessee, and at any adjournment or adjournments thereof. In this proxy statement, First Horizon National Corporation will be referred to by the use of “we,” “us” or similar pronouns, or simply as “First Horizon,” and First Horizon and its consolidated subsidiaries will be referred to collectively as “the Corporation.”

The accompanying form of proxy is for use at the meeting if you will be unable to attend in person. You may revoke your proxy at any time before it is exercised by writing to the Corporate Secretary, by timely delivering a properly executed, later-dated proxy (including a telephone or Internet vote) or by voting by ballot at the meeting. All shares represented by valid proxies received pursuant to this solicitation, and not revoked before they are exercised, will be voted in the manner specified therein. **If no specification is made, the proxies will be voted in favor of items 1, 2 and 3 below:**

1. Election of four Class I directors to serve until the 2009 annual meeting of shareholders and one Class III director to serve until the 2008 annual meeting of shareholders, or in both cases until their successors are duly elected and qualified.
2. Approval of our 2003 Equity Compensation Plan, as amended.
3. Ratification of the appointment of auditors.

We will bear the entire cost of soliciting the proxies. In following up the original solicitation of the proxies by mail, we may request brokers and others to send proxies and proxy material to the beneficial owners of the shares and may reimburse them for their expenses in so doing. If necessary, we may also use several of our regular employees to solicit proxies from the shareholders, either personally or by telephone or by special letter, for which they will receive no compensation in addition to their normal compensation. We have hired Morrow & Co., Inc. to aid us in the solicitation of proxies for a fee of \$7,500 plus out-of-pocket expenses. An additional charge of \$5.00 per holder will be incurred should we choose to have Morrow & Co. solicit individual holders of record.

Our common stock is the only class of voting securities. There were 126,698,027 shares of common stock outstanding and entitled to vote as of February 24, 2006, the record date for the annual shareholders' meeting. Each share is entitled to one vote. A quorum of the shares must be represented at the meeting to take action on any matter at the meeting. A majority of the votes entitled to be cast constitutes a quorum for purposes of the annual meeting. A plurality of the votes cast is required to elect the nominees as directors. A majority of the votes cast is required to approve the 2003 Equity Compensation Plan, as amended, and to ratify the appointment of auditors. Both “abstentions” and broker “non-votes” will be considered present for quorum purposes, but will not otherwise have any effect on any of the vote items.

Some of our shareholders own their shares using multiple accounts registered in variations of the same name. If you have multiple accounts, we encourage you to consolidate your accounts by having all your shares registered in exactly the same name and address. You may do this by contacting our Stock Transfer Agent, Wells Fargo Bank, N.A., by phone toll-free at 1-877-536-3558, or by mail to Shareowner Services, P.O. Box 64854, St. Paul, MN 55164-0854.

Also, in some cases multiple members of the same family living in the same household have shares registered in their names. In that case, in prior years each family member received multiple copies of the annual report, proxy statement, and other mailings. Duplicate mailings in most cases are

wasteful for us and inconvenient for you. We have taken steps to reduce them, and we encourage you to eliminate them whenever you can.

Beginning this year, family members living in the same household generally receive only one copy per household of the annual report, proxy statement, and most other mailings. The only item which is separately mailed for each registered shareholder or account is a proxy card. If your household receives only one copy and if you wish to start receiving separate copies in your name, apart from others in your household, you must request that action by contacting our Stock Transfer Agent, Wells Fargo Bank, N.A., by phone toll-free at 1-877-602-7615 or by writing to it at Shareowner Services, Attn: Householding, P.O. Box 64854, St. Paul, MN 55164-0854. Within 30 days after your request is received we will start sending you separate mailings. If for any reason you and members of your household are receiving multiple copies and you want to eliminate the duplications, please request that action by contacting our Stock Transfer Agent using the contact information given in this paragraph above. That request must be made by each person in the household who desires a separate copy. In either case, in your communications, please refer to your account number and our company number (998). Please be aware that if you hold shares both in your own name and as a beneficial owner through a broker, bank or other nominee, it is not possible to eliminate duplications as between these two types of ownership.

If you and other members of your household are beneficial owners of shares, meaning that you own shares indirectly through a broker, bank, or other nominee, you may eliminate a duplication of mailings by contacting your broker, bank, or other nominee. If you have eliminated duplicate mailings but for any reason would like to resume them, you must contact your broker, bank, or other nominee.

If your household receives only a single copy of this proxy statement and our 2005 annual report and if you desire your own separate copies for the 2006 annual meeting, you may pick up copies in person at the meeting in April or download them from our website, www.firsthorizon.com (click on "Investor Relations"). If you would like additional copies mailed, we will mail them promptly if you request them from our Investor Relations department at our website, by phone toll-free at 1-800-410-4577, or by mail to Investor Relations, P.O. Box 84, Memphis, TN 38101. However, we cannot guarantee you will receive mailed copies before the 2006 annual meeting.

CORPORATE GOVERNANCE AND BOARD MATTERS

Introduction

First Horizon is dedicated to operating in accordance with sound corporate governance principles. We believe that these principles not only form the basis for our reputation of integrity in the marketplace but also are essential to our efficiency and continued overall success. Many of these principles have been committed to writing. Our Corporate Governance Guidelines, which were adopted by our Board of Directors in January 2004 but which include long-standing corporate policies and practices, provide our directors with guidance as to their legal accountabilities, promote the functioning of the Board and its committees, and set forth a common set of expectations as to how the Board should perform its functions. Our Corporate Governance Guidelines (as revised to date) are attached to this proxy statement at Appendix B and are also available on our web site at www.fhnc.com under the “Corporate Governance” heading in the “Investor Relations” area. Paper copies are also available to shareholders upon request to the Corporate Secretary.

We have also adopted a Code of Business Conduct and Ethics, which incorporates many of our long-standing policies and practices and sets forth the overarching principles that guide the conduct of every aspect of our business, and a Code of Ethics for Senior Financial Officers, which promotes honest and ethical conduct, proper disclosure of financial information and compliance with applicable governmental laws, rules and regulations by our senior financial officers and other employees who have financial responsibilities. These Codes are available on our web site at www.fhnc.com under the “Corporate Governance” heading in the “Investor Relations” area. Paper copies are also available to shareholders upon request to the Corporate Secretary. Any waiver of the Code of Business Conduct and Ethics for an executive officer or director will be promptly disclosed to shareholders in any manner that is acceptable under the NYSE listing standards, including but not limited to distribution of a press release, disclosure on our web site, or disclosure on Form 8-K. The Corporation intends to satisfy its disclosure obligations under Item 5.05 of Form 8-K related to amendments or waivers of the Code of Ethics for Senior Financial Officers by posting such information on the Corporation’s web site.

The Board of Directors made several enhancements to First Horizon’s corporate governance principles during 2005. Our Corporate Governance Guidelines were revised to include First Horizon’s mission statement and core values. The Board also adopted and implemented a process for the conduct of individual director performance evaluations, and our Corporate Governance Guidelines were updated to reflect this process. Finally, the Board adopted a new policy on the Company’s Compliance and Ethics Program that highlights the Company’s commitment to having an effective compliance and ethics program by exercising due diligence to prevent and detect criminal conduct and otherwise by promoting an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

Under our bylaws, First Horizon is managed under the direction of and all corporate powers are exercised by or under the authority of our Board of Directors. Our Board of Directors currently has eleven members. All of our directors are also directors of First Tennessee Bank National Association (the “Bank” or “FTB”). The Bank is our principal operating subsidiary. The Board has four standing committees: the Credit Policy & Executive Committee, the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, which are described in more detail beginning on page 5.

Independence and Categorical Standards

Our common stock is listed on the NYSE. The NYSE listing standards require a majority of our directors and all of the members of the Compensation Committee, the Nominating and Corporate Governance Committee and the Audit Committee of the Board of Directors to be “independent.” Under these standards, our Board of Directors is required to affirmatively determine that a director has no material relationship with the Corporation for that director to qualify as “independent.” In order to assist in making independence determinations, the Board, as permitted by the

NYSE standards and upon the recommendation of the Nominating and Corporate Governance Committee, has adopted the categorical standards set forth below. In making its independence determinations, each of the Board and the Nominating and Corporate Governance Committee considered all relationships between each

director and the Corporation, including those that fall within the categorical standards. Based on its review and the application of the categorical standards, the Board, upon the recommendation of the Nominating and Corporate Governance Committee, determined that nine out of ten of the current non-employee directors (Messrs. Blattberg, Cooper, Haslam, Martin, Rose, Ward and Yancy and Mesdames Palmer and Sammons) are “independent.” The Board also determined that Mr. Reed, a director nominee who has not previously served as a director of First Horizon, is independent. Upon the recommendation of the Nominating and Corporate Governance Committee, the Board determined that one current non-employee director, William B. Sansom, is not independent under the NYSE listing standards because interest and fees paid during 2005 in connection with loans made to a family limited partnership that he controls exceeded the \$1 million/2% test set out in the listing standards. These loans were made in the ordinary course of business on non-preferential terms and in compliance with all applicable banking laws and were approved by a unanimous vote of the Board in which Mr. Sansom did not participate. The Nominating and Corporate Governance Committee and the Board considered this matter in connection with their decision to renominate Mr. Sansom and determined that, in light of Mr. Sansom’s qualifications and experience, it was in the best interest of the Corporation and the shareholders to renominate him. The categorical standards established by the Board are set forth in the following paragraphs. They are identical to the standards adopted last year.

Each of the following relationships between the Corporation and its subsidiaries, on the one hand, and a director, an immediate family member of a director, or a company or other entity as to which the director or an immediate family member is a director, executive officer, employee or shareholder (or holds a similar position), on the other hand, will be deemed to be immaterial and therefore will not preclude a determination by the Board of Directors that the director is “independent” for purposes of the NYSE listing standards:

1. Depository and other banking and financial services relationships (excluding extensions of credit which are covered in paragraph 2), including transfer agent, registrar, indenture trustee, other trust and fiduciary services, personal banking, capital markets, investment banking, equity research, asset management, investment management, custodian, securities brokerage, financial planning, cash management, insurance brokerage, broker/dealer, express processing, merchant processing, bill payment processing, check clearing, credit card and other similar services, provided that the relationship is in the ordinary course of business and on substantially the same terms and conditions as those prevailing at the time for comparable transactions with non-affiliated persons.
2. An extension of credit, provided that, at the time of the initial approval of the extension of credit as to (1), (2) and (3), (1) such extension of credit was in the ordinary course of business, (2) such extension of credit was made in compliance with applicable law, including Regulation O of the Federal Reserve, Section 23A and 23B of the Federal Reserve Act and Section 13(k) of the Securities and Exchange Act of 1934, (3) such extension of credit was on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons, (4) a determination is made annually that if the extension of credit was not made or was terminated in the ordinary course of business, in accordance with its terms, such action would not reasonably be expected to have a material adverse effect on the financial condition, income statement or business of the borrower, and (5) no event of default has occurred.
3. Contributions (other than mandatory matching contributions) made by the Corporation or any of its subsidiaries or First Horizon Foundation to a charitable organization as to which the director is an executive officer, director, or trustee or holds a similar position or as to which an immediate family member of the director is an executive officer; provided that the amount of the contributions to the charitable organization in a fiscal year does not exceed the greater of \$500,000 or 2% of the charitable organization’s consolidated gross revenue (based on the charitable organization’s latest available income statement).
4. Any transaction or series of similar transactions, as to which disclosure is not required in the Corporation’s proxy statement pursuant to Securities and Exchange Commission (SEC) Regulation S-K, Item 404(a) or 404(b).

5. All compensation and benefits provided to non-employee directors for service as a director.

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6. All compensation and benefits provided in the ordinary course of business to an immediate family member of a director for services to the Corporation or any of its subsidiaries as long as such immediate family member is compensated comparably to similarly situated employees and is not an executive officer of the Corporation or based on salary and bonus within the top 1,000 most highly compensated employees of the Corporation.

Excluded from relationships considered by the Board is any relationship (except contributions included in category 3) between the Corporation and its subsidiaries, on the one hand, and a company or other entity as to which the director or an immediate family member is a director or, in the case of an immediate family member, an employee (but not an executive officer or significant shareholder), on the other hand.

The fact that a particular relationship or transaction is not addressed by these standards or exceeds the thresholds in these standards does not create a presumption that the director is or is not independent.

The following definitions apply to the categorical standards listed above:

“Corporation” means First Horizon National Corporation and its consolidated subsidiaries.

“Executive Officer” means an entity’s president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice president of the entity in charge of a principal business unit, division or function, any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the entity.

“Immediate family members” of a director means the director’s spouse, parents, children, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law and anyone (other than domestic employees) who shares the director’s home.

“Significant shareholder” means a passive investor [meaning a person who is not in control of the entity] who beneficially owns more than 10% of the outstanding equity, partnership or membership interests of an entity. “Beneficial ownership” will be determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934.

Composition of Board Committees

The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are each composed of directors who are “independent,” as defined in the previous section. The membership of each committee during 2005 is set forth in the table below.

Name of Director	Credit Policy & Executive Committee	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Robert C. Blattberg			X	C
George E. Cates*	(X)			
Simon F. Cooper		X		
J. Kenneth Glass	C			
James A. Haslam, III			X	

R. Brad Martin	X	C	(X)
Vicki R. Palmer		C	
Michael D. Rose	X		X
Mary F. Sammons		X	
William B. Sansom	X		
Jonathan P. Ward		X	X
Luke Yancy III**			

X = committee member

C = committee chairperson

(X) = Served as a committee member until April 2005 but is no longer serving on such committee.

* Retired at the 2005 annual meeting of shareholders.

** Serves as Chair of the Trust Committee of the Bank.

The Credit Policy & Executive Committee

The Credit Policy & Executive Committee was established by our Board of Directors and operates under a written charter, which was amended during 2005 to clarify the Committee's duties and the scope of its authority. As a credit policy committee, the Committee monitors the quality, liquidity, and concentrations of credit extended by First Horizon and by its affiliates and establishes such credit policy and controls as may be deemed necessary for the preservation of a sound loan portfolio consistent with overall corporate objectives, provided that any changes to credit policy made by the Committee must be reported to the Board of Directors. However, the Committee is not authorized to act in place of the Board with respect to matters specifically required by credit policy to be acted upon by the Board. As an executive committee, the Committee is authorized and empowered to exercise during the intervals between meetings of the Board all authority of the Board of Directors, except as prohibited by applicable law and provided that it may not approve acquisitions, divestitures or the entry into definitive agreements (not in the ordinary course of business) where the purchase or sale price or transaction amount exceeds \$100 million. Also, no authority has been delegated to the Committee in its charter to approve any acquisition involving the issuance of our stock. The charter is currently available on our website at www.fhnc.com under the "Corporate Governance" heading in the "Investor Relations" area.

The Audit Committee

In General. The Audit Committee was established by our Board of Directors and operates under a written charter, which is attached to this proxy statement at pages C-1 through C-5 of Appendix C and which was last amended and restated on January 20, 2004. The charter is also available on our website at www.fhnc.com under the "Corporate Governance" heading in the "Investor Relations" area. Paper copies are available to shareholders upon request to the Corporate Secretary.

Subject to the limitations and provisions of its charter, the Committee assists our Board in its oversight of our accounting and financial reporting principles and policies, internal audit controls and procedures, the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of the independent auditor and our internal audit function. The Committee is directly responsible for the appointment (subject, if applicable, to shareholder ratification), retention, compensation and termination of the independent auditor as well as for overseeing the work of and evaluating the independent auditor and its independence. The members of the Committee are themselves "independent," as that term is defined in the NYSE listing standards (described above), and meet the additional independence requirements prescribed by Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and the rules of the SEC promulgated thereunder. In addition, the Board of Directors has determined that all the members of the Committee are financially literate as required by the NYSE listing standards. The Audit Committee's Report is included below.

Audit Committee Financial Expert. The Board of Directors has determined that at least one member of our Audit Committee, Vicki R. Palmer (chairperson of the Committee), is an audit committee financial expert, as that term is defined in Item 401(h) of SEC Regulation S-K. After receiving her B.A. in economics and business administration from Rhodes College and her M.B.A. in finance from The University of Memphis, Ms. Palmer was employed as a commercial loan officer with the Bank, where she was trained in and worked daily in evaluating financial statements of corporate customers in connection with their credit applications. In 1978, she joined Federal Express Corporation as Manager of Corporate Finance, and her major areas of responsibility included debt financing, cash management and pension asset management. Ms. Palmer joined The Coca-Cola Company in 1983 as Manager of Pension Investments, thus becoming responsible for the company's worldwide pension assets. Upon moving to Coca-Cola Enterprises, Inc. ("CCE") in 1986, she was involved at the inception of the company with the evaluation of company-wide financial results and the establishment of internal controls. Until January 2004, Ms. Palmer served as Senior Vice President, Treasurer and Special Assistant to the CEO. In this position, she was responsible for management of CCE's \$12 billion multi-currency debt portfolio; its \$2.5 billion pension plan and 401(k) plan investments; currency management; global cash management; and commercial and investment banking relationships. Effective in January 2004, she became

Executive Vice President, Financial Services and Administration, and is

now responsible for overseeing treasury, pension and retirement benefits, asset management, internal audit and risk management. Ms. Palmer also served for over ten years on CCE's Financial Reporting Committee, which reviews the company's financial statements and deals periodically with accounting issues, and she currently supervises the treasurer who serves on this committee. She is a member of CCE's Risk Committee, which is charged with establishing policy and internal controls for hedging and financial and non-financial derivatives. In addition, she serves on CCE's Senior Executive Committee and has oversight responsibility for CCE's enterprise-wide risk assessment process. She was a member of our Audit Committee from January 1995 to April 1999 and chaired the Committee from April 1996 to April 1999, and she returned to that Committee as chairperson in April 2003. She is also a member of the audit committee of another public company, Haverty Furniture Companies Inc.

Ms. Palmer meets in all respects the independence requirements of the NYSE and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and the rules of the SEC promulgated thereunder.

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings by reference, including this proxy statement, in whole or in part, the following Audit Committee Report, the Audit Committee Charter attached at pages C-1 through C-5 of Appendix C hereto, and the statements regarding the independence of the members of the Committee shall not be incorporated by reference into any such filings.

Audit Committee Report. The role of the Audit Committee ("Committee") is (1) to assist First Horizon's Board of Directors in its oversight of (a) the Corporation's accounting and financial reporting principles and policies and internal audit controls and procedures, (b) the integrity of its financial statements, (c) its compliance with legal and regulatory requirements, (d) the independent auditor's qualifications and independence, and (e) the performance of the independent auditor and internal audit function; and (2) to prepare this report to be included in First Horizon's annual proxy statement pursuant to the proxy rules of the SEC. The Committee operates pursuant to a charter that was last amended and restated by the Board on January 20, 2004. As set forth in the Committee's charter, management of First Horizon is responsible for preparation, presentation and integrity of the Corporation's financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures to provide for compliance with accounting standards and applicable laws and regulations, and the internal auditor is responsible for testing such internal controls and procedures. The independent auditor is responsible for planning and carrying out a proper audit of the Corporation's annual financial statements, reviews of the Corporation's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures, including an attestation of management's report on internal control over financial reporting.

In the performance of its oversight function, the Committee has considered and discussed the audited financial statements with management and the independent auditors. The Committee has also discussed with the Chief Executive Officer and Chief Financial Officer their respective certifications that are to be included in First Horizon's Annual Report on Form 10-K for the year ended December 31, 2005. The Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently in effect. Finally, the Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as currently in effect, has adopted an audit and non-audit services pre-approval policy and considered whether the provision of non-audit services by the independent auditors to First Horizon is compatible with maintaining the auditor's independence and has discussed with the auditors the auditors' independence.

While the Board of Directors has determined that each member of the Audit Committee has the broad level of general financial experience required to serve on the Committee and that Ms. Palmer is an audit committee financial expert as that term is defined in Item 401(h) of Regulation S-K, none of the members of the Committee devotes specific attention to the narrower fields of auditing or accounting or is professionally engaged in the practice of auditing or accounting, nor are they performing the functions of auditors or accountants nor are they experts in respect

of auditor

independence. Members of the Committee rely without independent verification on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Committee's considerations and discussions referred to above do not assure that the audit of First Horizon's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that First Horizon's auditors are in fact "independent."

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Committee referred to above and in the Committee's charter, the Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2005, to be filed with the SEC.

Submitted by the Audit Committee of our Board of Directors.

Audit Committee

Vicki R. Palmer, Chairperson
Simon F. Cooper
Mary F. Sammons
Jonathan P. Ward

The Nominating and Corporate Governance Committee

In General. The Nominating and Corporate Governance Committee was formed on January 20, 2004. Prior to that time, the role and duties of the Committee related to nominations and certain corporate governance functions were carried out by our Human Resources Committee (which has been renamed the Compensation Committee). The Nominating and Corporate Governance Committee operates under a written charter, which is attached to this proxy statement as Appendix D. The charter is also available on our website at www.fhnc.com under the "Corporate Governance" heading in the "Investor Relations" area. Paper copies are available to shareholders upon request to the Corporate Secretary. The purposes of the Nominating and Corporate Governance Committee are (1) to identify and recommend to the Board individuals for nomination as members of the Board and its committees, (2) to develop and recommend to the Board a set of corporate governance principles applicable to the Corporation, and (3) to oversee the evaluation of the Board and management. The Committee also makes recommendations to the Board of Directors with respect to director compensation.

Nominations of Directors. With respect to the nominating process, the Nominating and Corporate Governance Committee discusses and evaluates possible candidates in detail and suggests individuals to explore in more depth. The Committee recommends new nominees for the position of independent director based on the following criteria:

- Personal qualities and characteristics, experience, accomplishments and reputation in the business community.
- Current knowledge and contacts in the communities in which the Corporation does business and in the Corporation's industry or other industries relevant to the Corporation's business.
- Diversity of viewpoints, background, experience and other demographics.
- Ability and willingness to commit adequate time to Board and committee matters.
- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective and responsive to its duties and responsibilities.

The Nominating and Corporate Governance Committee does not set specific, minimum qualifications that nominees must meet in order for the Committee to recommend them to the Board

of Directors, but rather believes that each nominee should be evaluated based on his or her individual merits, taking into account the needs of the Corporation and the composition of the Board of Directors.

Once a candidate is identified whom the Committee wants seriously to consider and move toward nomination, the Chairman of the Board, the Chief Executive Officer and/or other directors as the Committee determines will enter into a discussion with that nominee.

Shareholder Recommendations of Director Nominees. The Nominating and Corporate Governance Committee will consider individuals recommended by shareholders as director nominees, and any such individual is given appropriate consideration in the same manner as individuals recommended by the Committee. Shareholders who wish to submit individuals for consideration by the Nominating and Corporate Governance Committee as director nominees may do so by submitting in writing such individuals' names in compliance with the procedures and along with the other information required by our Bylaws (as described below), to the Chairperson of the Nominating and Corporate Governance Committee, in care of the Corporate Secretary. Our Bylaws require that to be timely, a shareholder's nomination must be delivered to or mailed and received at our principal executive offices not less than 90 days nor more than 120 days prior to the date of the meeting. However, if fewer than 100 days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, a nomination by a shareholder to be timely must be so delivered or received not later than the close of business on the 10th day following the earlier of (i) the day on which such notice of the date of such meeting was mailed or (ii) the day on which such public disclosure was made. A shareholder's nomination must state:

- the name of the shareholder's nominee and the reasons for the nomination;
- the name and address, as they appear on our books, of the shareholder making the nomination and any other shareholders known by such shareholder to be supporting the nomination;
- the class and number of shares of our stock which are beneficially owned by such shareholder on the date of shareholder's nomination and by any other shareholders known by the nominating shareholder to be supporting the nomination on the date of such shareholder's nomination; and
- any material interest of the shareholder in the nomination.

The Compensation Committee

In General. Until January 20, 2004, the role and duties of a compensation committee were carried out by our Human Resources Committee. On that day, the duties of the Human Resources Committee with respect to nominations were assigned to the newly established Nominating and Corporate Governance Committee, and the Human Resources Committee was renamed the Compensation Committee and retained its duties with respect to compensation of officers and employees. The Compensation Committee operates under a written charter that was last amended and restated by the Board of Directors on January 20, 2004 and is attached to this proxy statement as Appendix E. The charter is also available on our website at www.fhnc.com under the "Corporate Governance" heading in the "Investor Relations" area. Paper copies are available to shareholders upon request to the Corporate Secretary.

The purposes of the Compensation Committee are (1) to discharge the Board's responsibilities relating to the compensation of our executive officers, (2) to produce an annual report on executive compensation for inclusion in our proxy statement, in accordance with the rules and regulations of the SEC [the current report is set forth following this paragraph], (3) to identify and recommend to the Board individuals for appointment as officers, (4) to evaluate our management, and (5) to carry out certain other duties as set forth in the Committee's charter.

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings by reference, including this proxy statement, in whole or in part, the following Board Compensation Committee Report on

Executive Compensation shall not be incorporated by reference into any such filings.

Board Compensation Committee Report on Executive Compensation. Our Bylaws require that the Board of Directors or a committee of the Board determine the compensation of executive officers. The Board has designated the Compensation Committee (“Committee”) to perform this function. The Committee is composed entirely of non-employee directors who are independent under the NYSE listing standards.

Objectives

Our executive compensation programs are designed to provide an incentive for our executives to attain specific corporate goals by rewarding them for achievement, align the interests of our executive officers with the interests of our shareholders, and compensate our executives so as to retain their services over the long term and allow us to attract new executive talent when needed.

Incentives. A substantial portion of our executives’ compensation is performance based. One component (stock options) depends entirely upon the long-term growth of our stock’s value, and another (restricted stock) directly links compensation with the value of our stock. Other components are directly linked to corporate and personal goals the Committee establishes or reviews each year; many of those also are linked in part to stock value growth. In other words, compensation programs are designed to reward executive officers with both cash and our common stock based on performance that in large part directly rewards shareholders. When corporate performance does not meet criteria established by the Committee, less incentive compensation is earned.

Alignment. A major emphasis in our programs is the alignment of the interests of our executive officers with the interests of our shareholders. Approximately 60 to 75 percent of the CEO’s annual compensation potential is at risk based on corporate performance and total shareholder return (defined below), while a substantial portion of the other executives’ annual compensation is based on achievement of applicable business unit or corporate financial objectives. In addition, our stock retention guidelines require our executives to maintain certain stock ownership levels. Specifically, the CEO is expected to maintain beneficial ownership of at least 150,000 shares, or approximately 7 times his salary, and each of the other executive officers is expected to maintain beneficial ownership of 25,000 to 50,000 shares, or approximately 5 times salary grade midpoint (depending upon an individual’s salary grade level). For this purpose, fully-owned shares, restricted stock, and shares held in tax-deferred plans are counted, but employee stock options are not counted. Persons who do not meet the required levels must retain 75% of the net after-tax shares received from our stock option and other plans until the target ownership level is achieved. In 2005, all of the executive officers except one owned sufficient shares to meet these guidelines and that one has a plan to do so within a few years. We believe that the combination of incentives and stock retention strongly links the interests of our executives with those of our shareholders.

Retention. Our compensation programs are designed to attract and retain excellent people. Our human resources are a significant and valuable asset. We recruit from a broad pool of talent, and our people in turn may be recruited by competitors and others. Our total compensation package at each level must be competitive; if it is not, then over the long term we risk losing our best people while hampering our ability to replace them.

Use of Peer Groups and External Data

In furtherance of the retention objective, the Committee annually reviews the compensation practices of certain peer groups. Because of the diversity of the Company’s business units, we must review several peer groups in order to compare the company’s pay practices with the competitive market for each line of business. The Total Shareholder Return Performance Graph (TSR graph) that appears on page 40 below uses the top 30 bank holding companies in the U.S. based on asset size as reported in the American Banker (Top 30), with the American Banker Top 50 which has been used in the past included for reference. Management believes that the Top 30 is a good benchmark group with which to compare our total shareholder return, or TSR, which is stock price performance with dividends reinvested. We are one of the top 30 bank holding companies in the U.S. based on asset size as reported in The American Banker. The Committee uses the Top 30 as its peer group for many

awards, including Long-Term Incentive Program (LTIP) and restricted stock with a performance vesting feature (PARSAP).

The Committee uses peer group data to determine competitive pay opportunity for executive officers. In connection with the overall compensation package for the CEO and others in the executive group, we have identified a high-performing peer group based on the highest-performing companies in the Top 30. Of those companies for 2005, we selected the highest-performing ones to comprise our benchmark group based primarily on the following one- and five-year return measures: earnings per share growth rate, historical earnings consistency, and profitability ratios such as return on equity, return on assets, percentage of revenues from fees, and net loan charge-offs. The median asset size of our high performing peer group for 2005 was approximately \$30 billion. Other relevant survey data is also used as appropriate to match executive officer positions to their business competitors. The Committee's compensation philosophy is to establish total compensation opportunity targeted at the 75th percentile when top quartile competitive performance is achieved. While actual compensation varies by individual based on the performance of his or her line of business, overall compensation for the CEO and other members of the executive group has been below that level over the past few years. The latest data available indicates that overall compensation is about 20% to 30% below the 75th percentile, while return on equity (ROE) performance has exceeded the 75th percentile for the past several years and earnings per share (EPS) compounded annual growth rate for the period 2000-2005 was in the top third of the Top 30 banks.

We also used other compensation surveys provided by non-affiliated consulting firms to establish competitive pay for the heads of line business units (e.g., competitive data from companies in the home loan industry are used to establish competitive pay opportunities for First Horizon Home Loan executives). In addition, the Committee engaged its own non-affiliated consulting firm to assist with the establishment of appropriate pay opportunities for the CEO.

One of our long-term incentive components is PARSAP (formerly called TARSAP). PARSAP performance targets have traditionally been based on our percentile ranking in a peer group (the "100-bank peer group") of approximately the 100 largest banking organizations by asset size traded on U.S. exchanges. The 100-bank peer group is different from the Top 30 group used for other incentives and in the TSR graph in this proxy statement, and from the smaller high-performing group used by the Committee generally. The 100-bank peer group was selected by the Committee in 1990 as an appropriate index for long-term performance incentives paid in stock, and generally the Committee believes that the 100-bank peer group index has produced the desired results. However, the Committee reviews this peer group each year, and in 2005 decided to use the Top 30 as the applicable peer group for PARSAP awards in 2005 and future years. As mentioned above, the Top 30 also is used for certain other incentives.

Components

Executive compensation consists generally of the following components:

- base salary
- annual incentive bonus
- long-term incentive awards
- deferred compensation arrangements and other customary benefits typically offered to similarly situated executives

Chief Executive Officer's 2005 Compensation

CEO Base Salary: The Committee establishes the CEO's base salary annually based on corporate performance, achievement of objectives in his individualized written personal plan, and competitive practices within the industry. Corporate performance is compared to our high-performing peer group. Annual salary for the CEO is targeted within

the 50th to 75th percentile range of that group. The CEO develops a personal plan each year, which contains financial, quality and strategic goals. The CEO submits that plan to the Committee for review and approval. The Board of Directors also reviews the

plan. Although no specific weight is assigned to these factors, the Committee placed greater emphasis on corporate performance relative to high-performing peers than on competitive pay practices. Base salary represents approximately 15 percent to 20 percent of the CEO's total compensation potential.

CEO Annual Bonus: The CEO has a target annual bonus of 125 percent of his salary. The degree of success in reaching 2005 corporate objectives, as assessed by the Committee in early 2006, determines a payout of zero percent to 150 percent of the CEO's target annual bonus. Zero percent payout is warranted when EPS falls below a level established by the Committee at the beginning of the year after considering any one-time events, such as accounting changes or significant market disruptions beyond management's control. An EPS growth objective that qualifies for 100 percent payout of target annual bonus is equal to the lower end of the market expected growth range for the high-performing peer group. A payout of 150 percent of target annual bonus is equivalent to a growth rate that equals the high end of the expected growth range of the high-performing peer group. The CEO's annual bonus for 2005 was 28% of target, based on the Committee's consideration of factors as indicated above.

CEO Long-Term Incentive Awards: The CEO's long-term incentive awards are based on the same criteria as described below for long-term incentive awards to the other executive officers.

Performance Accelerated Restricted Stock Award Program (PARSAP): In 2005 the Committee approved a PARSAP grant to the CEO with a target value equal to 50% of salary for each of the performance periods mentioned below under 2005 Compensation for Other Executive Officers, using TSR, EPS, and ROE targets as described in that section. In setting the size of those awards, the Committee considered competitive long-term incentive market practice, the need to retain the CEO, and the Committee's philosophy of linking compensation to delivery of shareholder value. In 2005, the Committee approved the accelerated vesting of one-third of the 2002 PARSAP shares previously awarded to the CEO for the 2002-2004 performance period because the alternative criteria, as described below, were met.

Long-Term Incentive Plan (LTIP): The 2005 LTIP award is designed to provide a maximum award of up to 75% of the CEO's annual bonus target for each year of the performance period as described below under 2005 Compensation for Other Executive Officers. The 2005 award is in the form of performance share units (PSUs) with each unit equal in value to a share of stock. The vesting of the 2005 award will be based on achieving a certain average annual earnings per share (EPS) over the performance period, but may be reduced by the Committee based on various factors, including the company's EPS growth ranking relative to the Top 30 banks and the maintenance of certain corporate governance standards. The performance period for the 2003 LTIP award concluded at the end of 2005, and no payout was made because the performance criteria were not met.

Stock Options and Restricted Stock: In 2005 the Committee modified the stock option program to include, for the CEO and other key personnel, a mix of options and restricted stock in the regular annual grants. Stock Options and Restricted Stock vest 50% on the third anniversary of the grant date and 50% on the fourth anniversary. The stock options and restricted shares granted to the CEO in 2005 are shown in the Summary Compensation Table in the Executive Compensation section of this proxy statement. Each year, the number of shares awarded to the CEO is determined by the Committee based on prior year corporate EPS performance. In 2005, the estimated combined value of the stock options and restricted stock awarded to the CEO was approximately 50% of target.

2005 Compensation for Other Executive Officers

Base Salary

Base salary and annual bonus are determined through an evaluation of the individual's position and responsibilities, external market data related to the high-performing peer group mentioned above, and personal and corporate performance. The Committee does not assign a specific weight to any of the factors.

For executive officers other than the CEO, the Committee approves base salaries each year taking the CEO's recommendations into account. Recommendations are generally based on corporate performance (as measured by financial, quality and strategic objectives), individual overall performance during the prior year, and competitiveness in the market place. It is our policy to maintain a competitive salary commensurate with the duties and responsibilities of the executive officers. Salary typically represents approximately 25 percent to 35 percent of an executive officer's potential annual compensation for executive officers other than the CEO.

Annual Bonus

For executive officers other than the CEO, the annual bonus is based on achievement of business unit or corporate financial objectives and performance against personal objectives for the year, which are recorded in individualized written personal plans. Individual objectives include financial, quality and strategic goals. The degree of completion of goals in accordance with a pre-established formula determines the award. For 2005, the corporate executive officers reporting to the CEO received bonuses based on corporate and individual results. Bonuses were paid to the line business unit heads based on the financial results of their individual business units.

Long-Term Incentive Awards

Long-term incentives generally are awarded under our 2003 Equity Compensation Plan. Our long-term incentives include:

- restricted stock awards that contain provisions for acceleration of vesting upon achievement of corporate performance criteria (known as PARSAP),
- a Long-Term Incentive Program that combines restricted stock, performance share units, and cash awards, and
- stock options and restricted stock.

PARSAP. Our PARSAP program includes performance criteria as a condition to early vesting of awards to executive officers. The objective of this program is to associate more closely the long-term compensation of executive officers with shareholder interests. Our practice has been to grant PARSAP stock every three years. Awards are subject to accelerated vesting if performance criteria established by the Committee are met with respect to specified performance periods, as described below.

Each PARSAP award is divided into three equal installments. Each installment has its own three-year performance period. The three periods overlap so that, if all targets are achieved, the PARSAP will result in one installment vesting in each of three consecutive years. Any installment that fails to vest will vest on the tenth anniversary of grant, unless the recipient has resigned or has been discharged or re-assigned. If a PARSAP award is made every three years, then an officer who is with us for the long term has an opportunity to have a PARSAP installment vest every year. The most recent regular PARSAP award was granted in 2005, and its performance periods are: 2005-2007, 2006-2008, and 2007-2009. New executive officers receive pro-rated awards. The primary performance criteria, for all participants including the CEO, have always been based on our TSR (total shareholder return) targets established at the beginning of each performance period. In 2005, TSR targets are based on our percentile ranking in the Top 30 peer group discussed above, with the condition that TSR must be a positive number. If the TSR targets are not met, the PARSAP may still vest on an accelerated basis if certain alternative criteria are achieved. Those alternative criteria are based upon our percentile ranking within the Top 30 peer group with respect to a certain operating EPS growth rate and a certain percentile ranking based on operating return on equity (ROE); however, vesting will not accelerate unless TSR is a positive number.

In 2005 the Committee approved PARSAP grants to the executive officers for the performance periods mentioned above, using TSR, EPS, and ROE targets as described above. In setting the size of those awards, the Committee considered competitive long-term incentive market practice, the need to retain key members of the senior

management team, and the Committee's philosophy of linking compensation to delivery of shareholder value.

In 2005, the Committee approved the accelerated vesting of one-third of the 2002 PARSAP shares of the executive officers for the 2002-2004 performance period because the alternative criteria, as described above, were met.

Long-Term Incentive Program. Since 2003 we have provided incentives for the CEO and other executive officers to receive annual awards under a Long-Term Incentive Program (LTIP) subject to achieving certain performance criteria and with the first payout opportunity in 2006. The performance period for the initial LTIP award covered three years (2003-2005), the 2004 award covers the period 2004-2006, and the 2005 award covers the two-year period 2005-2006 and the three-year period 2005-2007. The performance period for the 2003 LTIP award concluded at the end of 2005, and no payout was made because the performance criteria were not met. The LTIP program is designed to tie the executive's long-term compensation directly to an increase in shareholder value.

In 2005 the Committee combined two years of the 2004 LTIP awards with 2005 LTIP awards. In connection with that action, the Committee limited the amount payable under the 2004 LTIP to a single-year amount and granted 2005 LTIP awards with both a two-year performance period (2005-2006) and a three-year performance period (2005-2007).

The 2005 LTIP award is designed to provide a three-year cumulative award of up to 225% of the participant's annual bonus target (or, in the case of certain executive officers, 225% of salary), and to provide a two-year award of up to 150% of annual bonus target (or 150% of salary for certain executives). The 2005 award is in the form of performance share units (PSUs) and is to be paid (or settled) with stock, if the award is earned. The vesting of the 2005 award is based on achieving a certain average annual earnings per share (EPS) over the performance period, but may be reduced by the Committee based on various factors, including the company's EPS growth ranking relative to the Top 30 banks and the maintenance of certain corporate governance standards.

Stock Options. The Committee generally awards stock options to executive officers as part of a broad-based stock option program under which awards are made to all employees, both full-time and part-time. Options are awarded to align the interests of executives (and all other employees) with shareholders, to provide an incentive for executives to promote the growth of our stock value, and for retention purposes. The exercise price of each option is the market value of our stock at the time of grant. The exercise price of the 2005 grant is disclosed in the table captioned "Options/SAR Grants in Last Fiscal Year", which appears at page 34 below. Options granted to all our executives (including the CEO) have a seven-year maximum term and generally vest in two equal installments on the third and fourth anniversary of grant; if an executive were to leave the company prior to vesting, he or she generally would lose the options. The 2003 and 2004 grants contain a provision for accelerated vesting if the closing market price per share equals or exceeds a target price for five consecutive business days in the three years following the grant or at the end of the three-year period. The target price cannot be achieved unless our stock value grows at least an average of 11% per year.

The options granted in 2005 to executives named in the Summary Compensation Table are disclosed in a table captioned "Option/SAR Grants in Last Fiscal Year" in the Executive Compensation section of this proxy statement. The number of shares subject to options was reduced in 2005 relative to prior years because part of the 2005 annual stock incentives was granted in the form of restricted stock (described below).

It has never been our practice to "reprice" stock options, and our 2003 Equity Compensation Plan specifically prohibits repricing of options granted under it. Our practice is to price options at not less than fair market value on the date of grant, except for deferral options mentioned below.

In 2004 and prior years we allowed executives to defer earned salary and bonus in exchange for discounted options, as described below under the caption "Deferred Compensation and Other Benefits." The footnoted grants appearing in the table captioned "Option/SAR Grants in Last Fiscal Year" are either reload grants pertaining to older options or are deferred compensation options, and in either case are not related to our regular option grant policies discussed above. As indicated below, effective January 2005 we no longer allow executives to receive options in

connection with deferrals, and (as indicated above) the reload feature was eliminated in February 2004.

Restricted Stock. In 2005 the Committee modified the option program to include, for executives and other key personnel, a mix of options and restricted stock in the regular annual grants. Restricted stock vests 50% on the third anniversary of the grant date and 50% on the fourth anniversary. If an executive were to leave the company prior to vesting, he or she generally would lose the restricted stock.

The number of options plus restricted stock granted to executive officers is intended to provide a maximum total compensation opportunity at or near the 75th percentile of the competitive market if results are in the top quartile of top-performing competitors.

First Horizon intends to keep average annual awards of stock options, restricted stock and performance share units for the next three fiscal years (2006-2008) to no more than one standard deviation above the current mean of the Standard & Poor's Global Industry Classification Standards Peer Group pertinent to First Horizon (the Banking Group). The current mean plus one standard deviation is 2.46% and, for purposes of calculating the number of shares granted in a year, restricted stock awards, performance share units vested and other full value awards will count as equivalent to four option shares. The calculation will be based on the number of shares outstanding at the beginning of each of the three years.

Deferred Compensation and Other Benefits

For many years and under various plans we have allowed our executives (including the CEO) to defer receipt (and taxation) of earned compensation. That program was modified in 2005. A feature of our program that continued in 2005 was that an executive could elect to treat his deferral amount as having been invested in one of several mutual funds or at a market interest rate. A feature discontinued in January 2005 allowed an executive to elect to receive stock options at a discounted option price in lieu of the compensation. A feature of our program in years past (which only applies to amounts deferred prior to 1996) was that a participant could elect to receive an interest rate approved annually by the Committee.

Deferred Compensation Options (No Longer Available). Deferred compensation options have an exercise price of 50 percent (80 percent for options granted for 2001 and 2000 and 85 percent for options granted for years prior to 2000) of fair market value on the grant date. However, in order to receive the option, the participant was required to make an election in advance and forego the right to receive earned cash compensation. The amount of the foregone cash compensation plus the option exercise price was required to equal or exceed 100% of our stock's fair market value on the issue date of the options. Beginning in January 2005, this deferral plan is no longer available.

Deferred Cash Compensation—Discontinued Plan. The compensation of our CEO and certain of the other executives reported in the Summary Compensation Table includes accrual of above-market rates of interest on compensation deferred prior to 1996 and the cost of insurance benefits. This plan was for pre-1996 deferrals of compensation of the CEO and certain other of the named executive officers and is no longer available for additional deferrals. The above-market rates serve a retention purpose: generally, the old plan under which this benefit was offered requires that the amount deferred be automatically recalculated at market rates if employment terminates prior to retirement. The Company purchased life insurance products to offset the cost of this plan.

Deferral of Option Exercises. Executive officers previously had the ability to elect (prior to exercise) to defer the receipt of shares upon the exercise of vested stock options. This feature was intended merely to allow the executive to manage his or her personal tax liability, and did not result in any special or extra grants or awards. Although prior elections will be honored as related options are exercised, due to tax rule changes, new elections cannot be made. Also, the Company may compel deferral treatment in certain circumstances to enhance the Company's ability to obtain tax deductions related to exercises.

Other Benefits. We have adopted certain broad-based employee benefit plans in which executive officers participate, including pension, retirement savings, disability, and health and life insurance, and we provide our

executives with certain other retirement, insurance, disability, and other benefits that the Committee believes are appropriate for us and consistent with the practices of companies our size

and in our industry. Except for our stock fund within our 401(k) plan, these other benefits are not tied to corporate performance. The CEO and the other executive officers named in the Summary Compensation Table participate in those other benefits.

Deductibility of Compensation for Tax Purposes

Section 162(m) of the Internal Revenue Code of 1986, as amended (“Tax Code”), generally disallows a tax deduction to public companies, including us, for compensation exceeding \$1 million paid during the year to the CEO and the four other highest paid executive officers at year-end. Certain performance-based compensation is not, however, subject to the deduction limit. The Committee’s practice is to continue to consider ways to maximize the deductibility of executive compensation while retaining the discretion deemed necessary to compensate executive officers in a manner commensurate with performance and the competitive market for executive talent.

Compensation Committee

R. Brad Martin, Chairperson
Robert C. Blattberg
James A. Haslam, III

Board and Committee Meeting Attendance

During 2005, the Board of Directors held six meetings. The Compensation Committee held seven meetings, the Nominating and Corporate Governance Committee held five meetings, and the Audit Committee and Credit Policy & Executive Committee each held nine meetings and took action by written consent once. The average attendance at Board and committee meetings exceeded 95 percent. No director currently on our Board attended fewer than 75 percent of the meetings of the Board and the committees of the Board on which he or she served.

As set forth in our Corporate Governance Guidelines, our directors are expected to make every effort to attend every meeting of First Horizon’s shareholders. For the last 10 years, all of our directors have been in attendance at every annual meeting of shareholders, except for one director in 2004, one director in 1999 and one director in 1996.

Executive Sessions

To ensure free and open discussion and communication among the non-management directors of the Board and its committees, our Corporate Governance Guidelines provide that the non-management directors will meet in regularly scheduled executive sessions and as often as the Board shall request, with no members of management present. During 2005, the non-management directors met six times in executive session of the Board. Our Corporate Governance Guidelines also provide that if any non-management directors are not “independent” under NYSE listing standards, the independent, non-management directors will meet in executive session at least once a year. During 2005, our independent, non-management directors met in executive session six times. See pages 3-4 for a discussion of the independence determination with respect to Mr. Sansom made by our Board in January 2006. The Chairperson of the Nominating and Corporate Governance Committee, currently Dr. Blattberg, presides at the executive sessions of the Board.

Communication with the Board of Directors

Shareholders desiring to communicate with the Board of Directors on matters other than director nominations should submit their communication in writing to the Chairperson of the Nominating and Corporate Governance Committee, c/o Corporate Secretary, First Horizon National Corporation, 165 Madison Avenue, Memphis, Tennessee 38103 and identify themselves as a shareholder. The Corporate Secretary will forward all communications to the Chairperson for a determination as to how

to proceed. Other interested parties desiring to communicate with the Board of Directors should submit their communication in the same manner.

Compensation of Directors

Each non-employee director is paid a retainer quarterly at an annual rate of \$45,000 plus a fee of \$2,000 for each day of each Board meeting attended. In addition, each such director receives \$1,500 for each day of each committee meeting (other than an Audit Committee meeting) attended and \$2,000 for each day of each Audit Committee meeting attended. The Audit Committee chairperson is paid \$5,000 per Audit Committee meeting attended (inclusive of committee meeting fees), and the chairpersons of the other committees are paid \$4,000 per committee meeting attended (inclusive of committee meeting fees). Our practice is to hold our Board and committee meetings jointly with the Bank's Board and committees. Directors are not separately compensated for Bank Board or committee meetings except for those infrequent meetings that do not occur jointly.

We also reimburse our directors for their expenses incurred in attending meetings. In addition, the following benefits have been approved by the Board as additional compensation to non-employee directors for service as a director: a personal account executive, a no fee personal checking account for the director and his or her spouse, a FirstCheck debit card, a no fee VISA card, no fee for a safe deposit box, no fee for traveler's checks and cashier's checks, and if the Board has authorized a stock repurchase program, the repurchase of shares of our common stock at the day's volume-weighted average price with no payment of any fees or commissions if the repurchase of the director's shares is otherwise permissible under the repurchase program that has been authorized. Directors who are officers are not separately compensated for their services as directors.

It is our practice to award all non-employee directors shares of restricted stock such that each such director has 800 shares of our restricted stock vesting each year and receives at all times during his or her tenure as a director dividends or dividend equivalents on 8,000 shares of our common stock. Most recently, these awards have been made under our 2003 Equity Compensation Plan. If the individual's directorship terminates for any reason other than death, disability (defined as total and permanent disability), retirement (defined as any termination not caused by death or disability after the attainment of age 65 or 10 years of service as a director), or a change in control (as defined in the 2003 Equity Compensation Plan), all shares that at the time remain restricted shares will be forfeited.

Our non-employee directors have historically had the option to defer their compensation under several different plans. Under the 2000 Non-Employee Directors' Deferred Compensation Stock Option Plan, which expired in January 2005, all non-employee directors could elect to receive stock options in lieu of fees. Deferred compensation options had an exercise price of 50 percent (80 percent for options granted for 2002, 2001, and 2000 and 85 percent for options granted for years prior to 2000) of fair market value on the grant date. Each participant was required to forego the right to receive cash fees which he or she would earn. The amount of the foregone cash plus the option exercise price was required to equal or exceed 100% of our stock's fair market value on the issue date of the options. Although new deferrals have not been permitted under this plan since January 2005, options granted with respect to compensation earned prior to January 2005 are still outstanding.

Under an old cash deferral plan, not offered with respect to compensation earned since 1995, non-employee directors could elect to defer fees earned and receive an accrual of interest at rates ranging from 17-22 percent annually, with a reduction to a guaranteed rate based on 10-year Treasury obligations if a participant terminates service prior to a change-in-control for a reason other than death, disability or retirement. Interim distributions in an amount between 85 percent and 100 percent of the amount originally deferred are made in the eighth through the eleventh years following the year of deferral, with the amount remaining in a participant's account and accrued interest generally paid monthly over the 15 years following retirement at age 65. Certain restrictions and limitations apply on payments and distributions. Although new deferrals have not been permitted under that plan since 1995, interest continues to accrue on certain older accounts. In the past, non-employee directors have also had the option under other deferral agreements to defer amounts which

generally accrue interest at a rate tied to 10-year Treasury obligations. No new deferrals have been made since 1995 under these agreements, but interest continues to accrue on certain older accounts.

Under the First Horizon National Corporation Nonqualified Deferred Compensation Plan, non-employee directors have deferred and may currently defer amounts that earn returns indexed to the performance of certain mutual funds selected by the non-employee director. These mutual funds merely serve as the measuring device to determine the director's rate of return, and the director has no ownership interest in the mutual funds selected. First Horizon hedges its obligations related to such mutual fund deferrals.

STOCK OWNERSHIP INFORMATION

As of December 31, 2005, there were 8,209 shareholders of record of our common stock. To our knowledge, there was one person who owned beneficially, as that term is defined by Rule 13d-3 of the Securities Exchange Act of 1934, more than five percent (5%) of our common stock on December 31, 2005. Certain information concerning beneficial ownership of our common stock by that person as of December 31, 2005 is set forth in the following table:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Barclays Global	7,134,088	5.66%

The information in the table above is based on information set forth in Schedule 13G, filed with the Securities and Exchange Commission on January 26, 2006 jointly by Barclays Global Investors, NA (“BGINA”), 45 Fremont Street, San Francisco, California 94105, Barclays Global Fund Advisors (“BGFA”), 45 Fremont Street, San Francisco, California 94105, Barclays Global Investors, LTD (“BGLTD”), 1 Royal Mint Court, London, EC3N 4HH, and Barclays Global Investors Japan Trust and Banking Company Limited (“BGIJTBC”), Ebisu Prime Square Tower 8th Floor, 1-1-39 Hiroo Shibuya-Ku, Tokyo 150-0012 Japan. According to this Schedule 13G, BGINA has sole voting power with respect to 2,748,193 shares and sole dispositive power with respect to 3,314,544 shares; BGFA has sole voting power with respect to 3,320,697 shares and sole dispositive power with respect to 3,358,690 shares; BGLTD has sole voting power with respect to 321,365 shares and sole dispositive power with respect to 358,647 shares; and BGIJTBC has sole voting power and sole dispositive power with respect to 102,207 shares.

The following table sets forth certain information as of December 31, 2005, concerning beneficial ownership of our common stock by each director and nominee, each executive officer named in the Summary Compensation Table, and directors and executive officers as a group:

Stock Ownership Table

Name of Beneficial Owner	Shares Beneficially Owned(1)	Stock Units in Deferral Accounts(2)	Total and Percent Of Class(3)
Gerald L. Baker	108,034(5)	—	108,034
Robert C. Blattberg	45,272(4)	—	45,272
Charles G. Burkett	161,628(5)	—	161,628
Simon F. Cooper	8,100(4)	—	8,100
J. Kenneth Glass	891,641(5)	107,908	999,549
James A. Haslam, III	65,315(4)	—	65,315
Jim L. Hughes	608,705(5)	12,945	621,650
Larry B. Martin	157,773(5)	19,535	177,308
R. Brad Martin	86,970(4)	—	86,970
Vicki R. Palmer	86,450(4)	—	86,450
Colin V. Reed (6)	—	—	—
Michael D. Rose	113,897(4)	—	113,897
Mary F. Sammons	10,516(4)	—	10,516
William B. Sansom	107,528(4)	—	107,528
Jonathan P. Ward	12,108(4)	—	12,108
Luke Yancy III	20,193(4)	—	20,193
Directors and Executive Officers as a Group (22 persons)	3,671,581(5)	221,842	3,893,423(3.0%)

(1)

The respective directors, nominees and officers have sole voting and investment powers with respect to all of such shares except as specified in notes (4) and (5). Amounts in the second column do not include stock units in the third column.

- (2) Prior to January 2005, our stock option program and our restricted stock incentive plan permitted participants to defer receipt of shares upon the exercise of options and receipt of shares prior to

the lapsing of restrictions imposed on restricted stock awards, respectively. Amounts in the third column reflect the number of shares deferred under these two programs that a participant has the right to receive on a future date. These shares are not currently issued and are not considered to be beneficially owned for purposes of Rule 13d-3, but are reflected in a deferral account on our books as phantom stock units or restricted stock units.

- (3) No individual director, nominee or executive officer beneficially owns more than one (1%) percent of our common stock that is outstanding. The percentage of common stock outstanding owned by the director and executive officer group (3.0%) includes stock units. The percentage would be 2.9% with stock units excluded.
- (4) Includes the following shares of restricted stock with respect to which the non-employee director possesses sole voting power, but no investment power: Dr. Blattberg—4,000; Mr. Cooper—8,000; Mr. Haslam—2,200; Mr. R.B. Martin—6,400; Ms. Palmer—6,400; Mr. Rose—1,600; Ms. Sammons—6,400; Mr. Sansom—3,200; Mr. Ward—6,400; and Mr. Yancy—5,200. Includes the following shares as to which the named non-employee directors have the right to acquire beneficial ownership through the exercise of stock options granted under our director plans, all of which are 100% vested or will have vested within 60 days of December 31, 2005: Dr. Blattberg—34,512; Mr. Cooper—0; Mr. Haslam—47,253; Mr. R.B. Martin—39,220; Ms. Palmer—73,542; Mr. Rose—38,150; Ms. Sammons—2,493; Mr. Sansom—88,409; Mr. Ward—3,767; and Mr. Yancy—10,634.
- (5) Includes the following shares of restricted stock with respect to which the named person or group has sole voting power but no investment power: Mr. Baker—34,218; Mr. Burkett—47,758; Mr. Glass—146,685; Mr. Hughes—34,218; Mr. L. Martin—42,236; and the director and executive officer group—554,229. Includes the following shares as to which the named person or group has the right to acquire beneficial ownership through the exercise of stock options granted under our stock option plans, all of which are 100% vested or will have vested within 60 days of December 31, 2005: Mr. Baker—57,494; Mr. Burkett—54,987; Mr. Glass—482,358; Mr. Hughes—389,324; Mr. L. Martin—91,411; and the director and executive officer group—1,969,393. Also includes shares held at December 31, 2005 in 401(k) Savings Plan accounts.
- (6) Mr. Reed has been nominated to our Board of Directors for election by the shareholders at the annual meeting.

VOTE ITEM NO. 1—ELECTION OF DIRECTORS

The Board of Directors is divided into three classes. The term of office of each class expires in successive years. The term of the Class I directors expires at this annual meeting. The terms of the Class II and Class III directors expire at the 2007 and 2008 annual meetings, respectively. The Board of Directors proposes the election of four Class I directors, each of whom is an incumbent. Each Class I director elected at the meeting will hold office until the 2009 annual meeting of shareholders or until his or her successor is elected and qualified. The Board also proposes the election of Mr. Reed as a Class III director. Mr. Reed has not previously served as a director of First Horizon. If elected as a Class III director at the meeting, Mr. Reed will hold office until the 2008 annual meeting of shareholders or until his successor is elected and qualified.

If any nominee proposed by the Board of Directors is unable to accept election, which the Board of Directors has no reason to anticipate, the persons named in the enclosed form of proxy will vote for the election of such other persons as management may recommend, unless the Board decides to reduce the number of directors pursuant to the Bylaws.

We have provided below certain information about the nominees and directors (including age, current principal occupation, which has continued for at least five years unless otherwise indicated, name and principal business of the organization in which his or her occupation is carried on, directorships in other reporting companies, and year first elected to our Board). All of our directors are also directors of the Bank. Director committee appointments are disclosed in a table in the “Corporate Governance and Board Matters” section of this proxy statement above.

NOMINEES FOR DIRECTOR

Class I

For a Three-Year Term Expiring at the 2009 Annual Meeting

R. BRAD MARTIN (54) is the Chairman of the Board of Saks Incorporated, Birmingham, Alabama, a retail merchandising company. Prior to January 2006, Mr. Martin was Chairman of the Board and Chief Executive Officer of Saks Incorporated. Mr. Martin is a director of two other public companies, Saks Incorporated and Harrah's Entertainment, Inc. He has been a director since 1994.

VICKI R. PALMER (52) is Executive Vice President, Financial Services and Administration, Coca-Cola Enterprises Inc. ("CCE"), Atlanta, Georgia, a bottler of soft drink products. Until January 2004, Ms. Palmer served as Corporate Senior Vice President, Treasurer, and Special Assistant to the CEO of CCE. Prior to December 1999, she was Corporate Vice President and Treasurer of CCE. Ms. Palmer is a director of one other public company, Haverty Furniture Companies, Inc. She has been a director since 1993.

WILLIAM B. SANSOM (64) is Chairman of the Board and Chief Executive Officer of The H. T. Hackney Co., Knoxville, Tennessee, a wholesale food distribution firm serving the Southeast and Midwest. He is a director of two other public companies, Martin Marietta Materials, Inc. and Astec Industries, Inc. Mr. Sansom has been a director since 1984.

JONATHAN P. WARD (51) is Chairman and Chief Executive Officer of The ServiceMaster Company ("ServiceMaster"), Downers Grove, Illinois, a company that provides outsourcing services for residential and commercial customers. Prior to April 2002, Mr. Ward was President and Chief Executive Officer of ServiceMaster. Mr. Ward is a director of two other public companies, ServiceMaster and Sara Lee Corporation. Mr. Ward has been a director since 2003.

Class III

For the Remainder of a Three-Year Term Expiring at the 2008 Annual Meeting

COLIN V. REED (58) is the Chairman of the Board, President and Chief Executive Officer of Gaylord Entertainment Company, Nashville, Tennessee, a diversified hospitality and entertainment company. Mr. Reed was elected Chairman of the Board in May 2005 and Chief Executive Officer in May 2001. Prior to May 2001, he was Chief Financial Officer and a member of the three-executive Office of the President for Harrah's Entertainment Inc. Mr. Reed is a director of one other public company, Gaylord Entertainment Company. He has not previously served as a director of First Horizon.

CONTINUING DIRECTORS

Class II

Term Expiring at 2007 Annual Meeting

ROBERT C. BLATTBERG (63) is the Polk Brothers Distinguished Professor of Retailing, J. L. Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois. Dr. Blattberg has been a director since 1984.

J. KENNETH GLASS (59) is Chairman of the Board, President and Chief Executive Officer of First Horizon and the Bank. Mr. Glass was elected Chairman of the Board in October 2003, effective January 1, 2004, and President and Chief Executive Officer in July 2002. From July 2001 through July 2002, Mr. Glass was President and Chief Operating Officer of First Horizon and the Bank. From April 1999 through July 2001, he was President—Retail Financial Services of the Bank and from April 2000 through July 2001, President—Retail Financial Services of First Horizon. Prior to April 1999, he was President-Tennessee Banking Group of the Bank and prior to April 2000, he was Executive Vice President of First Horizon. Mr. Glass is a director of two other public companies, FedEx Corporation

and GTx, Inc. He has been a director since 1996.

MICHAEL D. ROSE (64) is the retired Chairman of Gaylord Entertainment Company, Nashville, Tennessee, a diversified hospitality and entertainment company. He served as Chairman of Gaylord Entertainment Company from April 2001 to May 2005. Prior to April 2001, Mr. Rose was a private investor. Mr. Rose is a director of five other public companies, Gaylord Entertainment Company,

Darden Restaurants, Inc., FelCor Lodging Trust, Inc., General Mills, Inc., and Stein Mart, Inc. Mr. Rose has been a director since 1984.

LUKE YANCY III (56) is President and Chief Executive Officer of Mid-South Minority Business Council, Memphis, Tennessee, a nonprofit organization that promotes minority and women business enterprises. Prior to June 2000, Mr. Yancy was President, West Region, of AmSouth Bank and, prior to its acquisition by AmSouth in 1999, First American Bank. Mr. Yancy has been a director since October 2001.

Class III
Term Expiring at 2008 Annual Meeting

SIMON F. COOPER (60) is President and Chief Operating Officer of The Ritz-Carlton Hotel Company, L.L.C. and an executive officer of its parent company, Marriott International, Inc. (“Marriott”), Bethesda, Maryland, a worldwide operator and franchisor of hotels and related lodging facilities. Mr. Cooper joined Marriott in 1998 as President of Marriott Lodging Canada and Senior Vice President of Marriott Lodging International. In 2000, the New England Region was added to his Canadian responsibilities. Mr. Cooper was appointed to his current position with Marriott in February 2001 and has been a director of First Horizon since his election by the Board of Directors in January 2005.

JAMES A. HASLAM, III (52) is Chief Executive Officer of Pilot Travel Centers, LLC, Knoxville, Tennessee, a national operator of travel centers, and he is CEO of Pilot Corporation. Mr. Haslam is a director of one other public company, Ruby Tuesday, Inc. Mr. Haslam has been a director since 1996.

MARY F. SAMMONS (59) has been President and Chief Executive Officer of Rite Aid Corporation (“Rite Aid”), Camp Hill, Pennsylvania, a retail drug store chain, since June 25, 2003, and she has been a member of the Rite Aid Board of Directors since December 5, 1999. She served as President and Chief Operating Officer of Rite Aid from December 5, 1999 to June 25, 2003. Ms. Sammons has been a director since her election by the Board of Directors in October 2003.

The Board of Directors unanimously recommends that the shareholders vote for Item No. 1.

VOTE ITEM NO. 2—APPROVAL OF OUR 2003 EQUITY COMPENSATION PLAN, AS AMENDED

General

The 2003 Equity Compensation Plan was adopted by the Board of Directors and approved by our shareholders in 2003. In January and March of 2006, our Board of Directors and the Compensation Committee adopted and approved an amendment to the 2003 Equity Compensation Plan (as amended, the “2003 Plan”) which increases the maximum number of shares which may be issued with respect to awards under the 2003 Plan from 4,000,000 to 8,500,000 and increases the maximum number of shares of that 8,500,000 which may be issued with respect to awards other than options from 1,300,000 to 4,800,000, subject to the approval of our shareholders. Under this vote item, shareholders are being asked to approve the increase in the number of shares that may be awarded and the increase in the number of shares that may be issued with respect to awards other than options under the 2003 Plan. Shareholders are also being asked to re-approve the 2003 Plan in its entirety, for the purpose of extending and fully optimizing our ability to deduct for tax purposes the cost of certain awards provided under or in connection with the 2003 Plan. The 2003 Plan is attached to this Proxy Statement as Appendix A.

The Board of Directors believes that stock-based awards are an essential tool that helps First Horizon to attract and retain outstanding employees and non-employee directors and motivate them to succeed. Stock awards align employees’ interests directly with those of First Horizon’s shareholders because the value of the stock-based awards is directly linked to the market value of our common stock. Stock-based awards also provide critical reinforcement of

the values of ownership and teamwork that are an integral part of our FirstPower culture. First Horizon provides stock-based awards to a broad spectrum of employees through its FirstShare and management option programs. The

FirstShare program is a broad-based employee plan under which all employees of the Corporation receive a stock option award annually, except for management level employees who receive annual stock option awards under the management option program. Together, awards to employees under the FirstShare program and to non-executive management employees under the management option program accounted for 96% of our 2005 stock option awards. The Board of Directors believes that increasing the number of shares available under the 2003 Plan would provide the Corporation with a sufficient number of shares to continue its stock-based incentive programs effectively through the end of 2008. As of the record date, 1,140,535 shares of restricted stock and performance share units had been awarded under the 2003 Plan, options to purchase an aggregate of 2,281,065 shares of common stock had been awarded under the 2003 Plan, of which 1,942,243 remain outstanding, and there was a total of only 1,895,344 shares available for future grant under the 2003 Plan, 163,266 of which were available for awards other than options.

Under current tax regulations, First Horizon's shareholders must re-approve the 2003 Plan every five years in order to maximize our ability to deduct for tax purposes the cost of certain awards provided under or in connection with the plan. Shareholders last approved the 2003 Plan in its entirety at the 2003 annual meeting of shareholders, and that approval will cease to be effective at the 2008 annual meeting. Re-approval of the plan in its entirety at the 2006 annual meeting will ensure that First Horizon's ability to deduct for tax purposes the cost of certain awards under the plan is optimized and avoid the necessity of seeking additional shareholder approval before it would otherwise be needed.

The following is a summary of the material features of the 2003 Plan and is qualified in its entirety by reference to the complete text of the 2003 Plan.

Purpose of the 2003 Plan

The purpose of the 2003 Plan is to promote the interests of First Horizon by attracting, retaining and motivating officers, employees and non-employee directors of First Horizon and its subsidiaries by means of performance related incentives designed to achieve long range performance goals and linking their compensation to the long-term interests of shareholders. All officers, employees and non-employee directors of First Horizon and its subsidiaries and all "regional board members" (as defined under the 2003 Plan) are eligible to receive awards ("Awards") under the 2003 Plan which may consist of grants of options, restricted stock, restricted stock units, performance awards, and stock appreciation rights, or any combination thereof. As of February 22, 2006, First Horizon and its subsidiaries had approximately 1,613 officers, 11,726 employees and 10 non-employee directors, and there were approximately 130 regional board members.

Administration

The Board has appointed the Corporation's Compensation Committee to administer the 2003 Plan. Committee eligibility requirements are described in Section 2 of the 2003 Plan. The members of the Committee may be removed by the Board at its discretion. The Board, in its discretion, may also administer the 2003 Plan and, in such a case, has all of the rights, powers and authority of the Committee.

Subject to certain limitations, the Committee has the power and authority in its discretion to, among other things, (i) select the persons to whom Awards will be made, (ii) determine the type, timing, terms and conditions of any Awards, including the number of shares of common stock subject to any Award, (iii) interpret and administer the 2003 Plan and any instrument or agreement relating to the 2003 Plan or any Awards granted pursuant to the 2003 Plan, and (iv) establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the 2003 Plan.

Notwithstanding the immediately preceding paragraph, only the Board has the power and authority to make Awards to non-employee directors and to determine the type, timing, terms and conditions of those Awards.

Amendment

The Board may amend, alter, modify, suspend, discontinue or terminate the 2003 Plan at any time, except that the Board may not amend the 2003 Plan in violation of any law. However, no such action may materially prejudice the rights of any holder of an Award that was granted prior to the date of such action, without the consent of such holder. In addition, the NYSE listing standards require certain amendments to equity compensation plans like the 2003 Plan to be approved by shareholders.

Maximum Number of Shares Available

Subject to adjustment as described below, the maximum number of shares of common stock which may be issued with respect to Awards is 4,000,000 of which no more than 1,300,000 may be issued with respect to Awards other than options, and no participant may, in any calendar year, receive options and SARs with respect to more than 500,000 shares of common stock. The maximum annual number of shares of common stock in respect of which all performance-based Awards (whether restricted stock, restricted stock units or performance awards) may be granted to a participant under the 2003 Plan is 100,000 and the maximum annual amount of any Awards settled in cash to a participant under the 2003 Plan is \$4,000,000. If the amendment to the 2003 Plan is approved, the maximum number of shares of common stock which may be issued with respect to Awards will be 8,500,000 of which no more than 4,800,000 may be issued with respect to Awards other than options. The maximum number of shares of common stock available for Awards under the 2003 Plan, the number of shares of common stock covered by each outstanding Award, the number of shares of common stock that may be subject to Awards to any one participant and the price per share of common stock covered by each outstanding Award shall be proportionately adjusted for any increase or decrease in the number of issued shares of common stock resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the common stock, and may be proportionately adjusted, as determined by the Board in its sole discretion, for any other increase or decrease in the number of issued shares of common stock effected without receipt of consideration by First Horizon, or to reflect any distributions to holders of shares of common stock other than regular cash dividends.

If any shares of common stock covered by an Award are forfeited, or if such Award is settled for cash or otherwise terminates, expires unexercised or is cancelled without delivery of such shares, such shares of common stock (or portion thereof) will again be available for issuance under the 2003 Plan. If any option or other Award granted under the 2003 Plan is exercised through the delivery of shares of common stock by a participant or if withholding tax liabilities arising from such Award are satisfied by the withholding of shares of common stock by First Horizon from the total number of shares that would otherwise have been delivered to the participant, the number of shares of common stock available for Awards under the 2003 Plan shall be increased by the number of shares so surrendered or withheld.

On February 24, 2006, the closing price of the common stock on the New York Stock Exchange was \$40.07 per share.

Types of Awards

Options. The Committee may grant options to purchase a specified number of shares of common stock. Options granted under the 2003 Plan will not qualify as “incentive stock options” under Section 422 of the Tax Code. The number of shares of common stock subject to any grant of options, the exercise price and all other conditions and limitations applicable to the exercise of any options will be determined by the Committee. Notwithstanding the preceding sentence, except in limited circumstances described in the 2003 Plan, the exercise price of an option may not be less than 100% of the fair market value of the shares of common stock with respect to which the option is granted on the date of such grant. No option shall be exercisable after the expiration of ten years from the date such option was granted.

Restricted Stock and Restricted Stock Units. Awards of restricted stock and restricted stock units are grants of common stock or stock units that are subject to a risk of forfeiture or other restrictions

that lapse upon the occurrence of certain events and the satisfaction of certain conditions, as determined by the Committee in its discretion. The value of a restricted stock unit must equal the fair market value of one share of common stock on the date of the grant. Any awards of restricted stock or restricted stock units will be subject to such conditions, restrictions and contingencies as the Committee determines. Restricted stock units are payable, at the Committee's discretion, in cash, shares of common stock, other securities or other property.

Performance Awards. The Committee may, in its discretion, grant a performance award consisting of a right that is denominated in cash and/or shares of common stock, valued in accordance with the achievement of certain performance goals during certain performance periods as determined by the Committee, and payable at such time and in such form as the Committee shall determine. In determining the performance goals applicable to any performance award, the Committee must select one or a combination of the following financial performance measures of First Horizon, its subsidiaries, or any operating unit, division, line of business, department, team or business unit thereof: stock price; dividends; total shareholder return; earnings per share; price/earnings ratio; market capitalization; book value; revenues; expenses; loans; deposits; non-interest income; net interest income; fee income; operating income before or after taxes; net income before or after taxes; net income before securities transactions; net or operating income excluding non-recurring charges; return on assets; return on equity; return on capital; cash flow; credit quality; service quality; market share; customer retention; efficiency ratio; strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals and goals relating to acquisitions or divestitures; and except in the case of a "covered officer" (as defined under the 2003 Plan), any other performance criteria established by the Committee. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of First Horizon (consolidated or unconsolidated) and/or the past or current performance of other companies, the performance of other companies over one or more years or an index of the performance of other companies, markets or economic metrics over one or more years, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or shares of common stock outstanding, or to assets or net assets.

The Committee may also grant restricted stock and restricted stock units to "covered officers" (as defined under the 2003 Plan) that vest or become exercisable upon the achievement of certain performance goals specified by the Committee, subject to the limitations described in the immediately preceding paragraph.

Stock Appreciation Rights. Stock appreciation rights ("SARs") may be granted under the 2003 Plan. Upon exercise of an SAR, the participant will be entitled to receive the excess of the fair market value on the exercise date of the common shares underlying the SAR over the aggregate base price applicable to such shares; provided that the base price per share may not be less than the fair market value of such shares on the grant date. Distributions to the participant may be made in common stock, in cash, or in a combination of stock and cash, as determined by the Committee or the Board.

Change in Control

Upon a "change in control" (as defined under the 2003 Plan) of First Horizon, all Awards outstanding under the 2003 Plan will vest, become immediately exercisable or payable or have all restrictions lifted, as the case may be.

Effect of Termination of Employment

The Committee has discretion to determine the terms and conditions that will apply to any outstanding Award upon the "termination of employment" (as defined under the 2003 Plan) of a participant, and such terms and conditions will be set forth in an Award agreement.

Federal Income Tax Consequences

The following is a summary of the current federal income tax treatment related to grants of Awards under the 2003 Plan. This summary is not intended to, and does not, provide or supplement tax advice to participants. Participants in the 2003 Plan are advised to consult with their own independent tax advisors with respect to the specific tax consequences that, in light of their particular circumstances, might arise in connection with their receipt of any Awards under the 2003 Plan, including any state or local tax consequences and the effect, if any, of gift, estate and inheritance taxes.

Options. No taxable income is realized by a participant upon the grant of an option under the 2003 Plan. Upon exercise of an option granted under the 2003 Plan, the participant would include in ordinary income an amount equal to the excess, if any, of the fair market value of the shares of common stock issued to the participant pursuant to such exercise (the “Option Shares”) at the time of exercise over the purchase price. First Horizon would be entitled to a deduction on exercise of the option for the amount includible in the participant’s income.

Restricted Stock. No taxable income is realized by a participant upon the award of restricted common stock. Prior to the lapse of restrictions on such shares, any dividends received on such shares will be treated as ordinary compensation income. Upon the lapse of restrictions, the participant would include in ordinary income the amount of the fair market value of the shares of common stock at the time the restrictions lapse.

Any participant may, however, make an election under Section 83(b) of the Tax Code (an “83(b) election”) within 30 days after receipt of restricted common stock to take into income in the year the restricted common stock is transferred by First Horizon to such participant an amount equal to the fair market value of the restricted common stock on the date of such transfer (as if the restricted stock were unrestricted). If such election is made, the participant (i) will have no taxable income at the time the restrictions actually lapse, (ii) will have a capital gains holding period beginning on the transfer date and (iii) will have dividend income with respect to any dividends received on such shares. If the restricted common stock subject to the 83(b) election is subsequently forfeited, however, the participant is not entitled to a deduction or tax refund.

Any appreciation or depreciation in such shares from the time the restrictions lapse (or the 83(b) election is made) to their subsequent disposition should be taxed as a short-term or long-term gain or loss, as the case may be. First Horizon would be entitled to a federal income tax deduction for the year in which the participant realizes ordinary income with respect to the restricted common stock in an amount equal to such income.

Restricted Stock Units. No taxable income will be realized by a participant upon the grant of restricted stock units and no taxable income will be realized at the times the restricted stock units vest. At the time payment is made with respect to restricted stock units granted under the 2003 Plan, the participant will realize ordinary income in an amount equal to the cash received or the fair market value of the shares of common stock received. First Horizon would be entitled to a deduction at the time of payment in an amount equal to such income.

Stock Appreciation Rights. A participant does not recognize ordinary income upon the receipt of a stock appreciation right under the 2003 Plan. Upon exercise of the stock appreciation right and receipt of cash or unrestricted stock, the participant would recognize ordinary income in an amount equal to the payment received or the fair market value of the unrestricted stock. First Horizon would be entitled to a deduction at the time of payment in an amount equal to such income.

Plan Benefits Table

The following table sets forth the aggregate number of shares of conventional and performance-accelerated restricted stock, stock options, and LTIP performance share units granted to the listed individuals and groups under the 2003 Plan during calendar year 2005, along with the dollar value of those awards. The awards are of four major types and are valued very differently from each other, as described in footnote (2) to the table. *The table does not report amounts paid, earned, or vested in 2005.* The table merely reports grants made during the year, without annualizing in the case of the several multi-year grants and without any discount for the risk that performance criteria may not be satisfied in the case of performance awards. As an example of the latter case, the payout determination in 2006 for the 2003 LTIP was zero.

PLAN BENEFITS 2003 Plan

Name and Principal Position(1)	Number of Awards Granted During 2005	
	Dollar Value (\$) (2)	Restricted Stock/ Options/Performance Share Units (#)
J. Kenneth Glass	3,846,852–6,709,352	207,135
Gerald L. Baker	1,815,823–3,328,323	86,837
Charles G. Burkett	1,815,823–3,328,323	86,837
Jim L. Hughes	1,815,823–3,328,323	86,837
Larry B. Martin	1,404,546–2,574,546	67,171
All Executive Officers as a Group	17,284,397–31,099,398	841,104
All Directors (who are not Executive Officers) as a Group	1,014,126	24,200
All Employees (who are not Executive Officers) as a Group	50,489,049–51,915,174	2,116,505

(1) See Summary Compensation Table for principal position.

(2) Four types of awards were granted under the 2003 Plan during 2005: LTIPs, PARSAP shares, conventional restricted shares, and stock options. The awards types are very different in terms of their characteristics and how they are valued for purposes of this table. Each dollar value number shown in the table does *not* reflect amounts paid, earned, or vested; instead, it is the sum of values assigned to each of the four award types under the legal rules governing this proxy statement, as explained below:

LTIPs. Nearly two-thirds of the maximum dollar value reported above for executive officers represents the theoretical maximum dollar value of the 2005 LTIP awards based on our stock price at grant, *without* any discount for the risk that the awards only pay out if and to the extent that the performance criteria are met. LTIP values included in the table above range from the “threshold” to the “maximum” values reported in the LTIP grant table on page 35 of this proxy statement. LTIPs are performance-based, meaning that the actual minimum payout is zero; the minimum is not used in the table above. For example, the 2003 LTIP awards (not reported in the table) matured at the end of 2005; the performance criteria were not met and the payout was zero. In addition, 40% of the 2005 LTIP awards reported in the table represent a one-time increase in conjunction with a corresponding reduction in the maximum payout potential of the 2004 LTIP awards. The LTIP amount included in the table is *not* reduced to show a normal annual amount and that reduction in the 2004 awards is *not* reflected in the table.

PARSAP Shares. Our practice has been to grant PARSAP shares every three years. The last two grants were in 2002 and 2005. The total 2005 PARSAP grant is included in the table above and in the summary compensation table on page 32; the amount reported has *not* been reduced by two-thirds or annualized in any other way. PARSAP shares are valued at the fair market value of our stock on the grant date.

Conventional Restricted Stock. Conventional restricted stock is granted annually in varying amounts. It is also reported in the table on page 32 and is valued at the fair market value of our stock on the grant date.

Stock Options. Options are granted annually in varying amounts and are valued using a Black-Scholes method, as described in the option grant table on page 34.

The Board of Directors unanimously recommends that the shareholders vote for Item No. 2.

Equity Compensation Plan Information

The following table provides information as of December 31, 2005 with respect to shares of First Horizon common stock that may be issued under our existing equity compensation plans, including the 1990 Stock Option Plan (the "1990 Plan"), the 1995 Employee Stock Option Plan (the "1995 Plan"), the 1997 Employee Stock Option Plan (the "1997 Plan"), the 2000 Employee Stock Option Plan (the "Executive Plan"), 2003 Equity Compensation Plan, not including the 4,500,000 shares for which shareholder approval is being sought under Vote Item No. 2 (the "2003 Plan"), the 2000 Non-employee Directors' Deferred Compensation Stock Option Plan (the "Directors' Plan"), the 1995 Non-employee Directors' Deferred Compensation Stock Option Plan (the "1995 Directors' Plan"), and the 1991, 1997 and 2002 Bank Director and Advisory Board Member Deferral Plans (the "Advisory Board Plans"). Of the 20,289,505 options outstanding, approximately 34 percent were issued in connection with employee and director cash deferral elections. The Corporation received approximately \$44,600,000 in employee cash deferrals and \$4,200,000 in non-employee directors and advisory board retainer and meeting fee deferrals. The opportunity to defer portions of their compensation in exchange for options has not been offered to employees, directors or advisory board members with respect to compensation earned at any time since January 1, 2005.

The table includes information with respect to shares subject to outstanding options granted under equity compensation plans that are no longer in effect. Footnotes (4) and (5) to the table set forth the total number of shares of First Horizon common stock issuable upon the exercise of options under the expired plans as of December 31, 2005. No additional options may be granted under those expired plans.

Equity Compensation Plan Information

Plan Category	A	B	C
	Number of Securities to be Issued upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column A)
Equity Compensation Plans Approved by Shareowners(1)	5,651,750(4)	\$ 32.69	913,109(2)
Equity Compensation Plans Not Approved by Shareowners(3)	14,637,755(5)	\$ 32.95	431,871
Total	21,082,447(6)	\$ 32.67	2,040,384(7)

(1) Consists of the Executive Plan, Directors' Plan, 1995 Directors' Plan, 1995 Plan, 1990 Plan, and the 2003 Plan.

(2)

As of December 31, 2005, an aggregate of 163,266 shares were available for awards other than options under the 2003 Plan.

- (3) Consists of the 1997 Plan and the Advisory Board Plans.
- (4) Includes 1,167,952 outstanding options issued in connection with employee and non-employee director cash deferrals of approximately \$9,000,000. Also includes information for equity compensation plans that have expired. The Directors' Plan, the 1995 Directors' Plan, the 1995 Plan and the 1990 Plan were approved by shareholders in 2000, 1995, 1995 and 1990,

respectively. The plans expired January 2006, June 1999, April 2005 and April 2000, respectively. As of December 31, 2005, a total of 2,360,727 shares of First Horizon common stock were issuable upon the exercise of outstanding options under these expired plans. No additional options may be granted under these expired plans.

- (5) Includes 5,732,002 outstanding options issued in connection with employee and advisory board cash deferrals of approximately \$39,800,000. Also includes information for equity compensation plans that have expired or terminated. The 1997 Bank Director and Advisory Board Member Deferral Plan and the 1991 Bank Director and Advisory Board Member Deferral Plan expired in January 2002 and January 1997, respectively, and the 2002 Bank Director and Advisory Board Member Deferral Plan was terminated in April 2005. As of December 31, 2005, a total of 99,982 shares of First Horizon common stock were issuable upon the exercise of outstanding options under the expired or terminated plans. No additional options may be granted under these expired or terminated plans.
- (6) Includes 792,942 shares of First Horizon common stock to be issued at the end of specified deferral periods set forth in individual deferral agreements in connection with deferral of receipt of shares upon the exercise of options.
- (7) Includes 161,567 shares of First Horizon common stock underlying restricted stock units granted under the 1992 Restricted Stock Plan. Includes 533,837 performance share units granted under the 2005 LTIP program.

Description of Equity Compensation Plans Not Approved by Shareholders

The 1997 Plan. The 1997 Plan was adopted by the Board of Directors on April 16, 1996 and will expire in April 2006. The 1997 Plan provides for granting of nonqualified stock options.

Options granted under the 1997 Plan have been granted to all employees of the Corporation under our FirstShare and management option programs. The FirstShare program is a broad-based employee plan, where all employees of the Corporation receive a stock option award annually, except for management level employees who receive annual stock option awards under the management option program. The FirstShare options vest 100 percent after three years and have a term of 10 years. The management options vest 50 percent after 3 years and 50 percent after 4 years, unless a specified stock price is achieved within the 3 year period. The management options have a term of 7 years. In addition to the above, prior to 2004 certain employees could elect to defer a portion of their annual compensation into stock options under the 1997 Plan. These options vest after 6 months and have a term of 20 years. The options vest on an accelerated basis in the event of a change in control of First Horizon. All options granted under the 1997 Plan have an exercise price equal to the fair market value on the date of grant. Notwithstanding the above, under our deferred compensation stock option program, the option price per share may be less than 100 percent of the fair market value of the share at the time the option is granted if the employee has entered into an agreement with the Corporation to receive a stock option grant in lieu of compensation and the amount of compensation foregone when added to the cash exercise price of the options equals at least the fair market value of the shares on the date of grant. The deferred compensation stock option program has not been offered to employees since December 2004.

As of December 31, 2005, options covering 14,537,723 shares of First Horizon common stock were outstanding under the 1997 Plan, 431,871 shares remained available for future option grants, and options covering 14,372,228 shares had been exercised during the life of the plan. Of the options outstanding, approximately 39 percent were issued in connection with employee cash deferral elections. The Corporation received approximately \$38,500,000 in cash deferrals to offset a portion of the exercise price. All shares remaining available for future option grants will have an option term of 10 years or less.

The 1997 Plan is included as Exhibit 10(c) in our Form 10-Q for the quarter ended September 30, 2002, filed with the SEC.

The Advisory Board Plans. The Advisory Board Plans were adopted by the Board of Directors in October 2001, January 1997 and January 1991. The 2002 Advisory Board Plan was terminated in 2005, and the 1997 and 1991 plans expired in 2002 and 1997, respectively.

Options granted under the Advisory Board Plans were granted only to regional and advisory board members who are not employees. The options were granted in lieu of the participants receiving retainers or attendance fees for bank board and advisory board meetings. The number of shares subject to grant equaled the amount of fees/retainers earned divided by one half of the fair market value of one share of common stock on the date of the option grant. The exercise price plus the amount of fees foregone equaled the fair market value of the stock on the date of the grant. The options were vested at the grant date. Those granted on or prior to January 2, 2004 have a term of 20 years, while those granted on or after July 1, 2004 have a term of 10 years.

As of December 31, 2005, options covering 99,982 shares of First Horizon common stock were outstanding under the Advisory Board Plans, 0 shares remained available for future option grants, and options covering 73,209 shares had been exercised during the life of the plan.

The Advisory Board Plans are included as Exhibits 10(s), 10(t) and 10(u) to our 2002 Form 10-K.

VOTE ITEM NO. 3—RATIFICATION OF APPOINTMENT OF AUDITORS

Appointment of Auditors for 2006

KPMG LLP audited our annual financial statements for the year 2005. The Audit Committee has appointed KPMG LLP to be our auditors for the year 2006. Although not required by law, regulation or the rules of the New York Stock Exchange, the Board has determined, as a matter of good corporate governance and consistent with past practice, to submit to the shareholders as Vote Item No. 3 the ratification of KPMG LLP's appointment as our auditors for the year 2006, and with the recommendation that the shareholders vote for Item No. 3. Representatives of KPMG LLP are expected to be present at the annual meeting of shareholders with the opportunity to make a statement and to respond to appropriate questions. The 2005 engagement letter with KPMG LLP is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

Fees Billed to Us by Auditors During 2004 and 2005

The table below and the paragraphs following it provide information regarding the fees billed to us by KPMG LLP during 2004 and 2005 for services rendered in the categories of audit fees, audit-related fees, tax fees and all other fees.

	2004	2005
Audit Fees	\$ 2,083,000	\$ 2,080,000
Audit-Related Fees	367,500	350,000
Tax Fees	27,500	15,000
All Other Fees	—	—
Total	\$ 2,478,000	\$ 2,445,000

Audit Fees. For the years 2004 and 2005, the aggregate fees billed to us by KPMG LLP for professional services rendered for the audit of our financial statements, including the audit of internal controls over financial reporting, and review of the financial statements in our Form 10-Q's or for services that are normally provided by KPMG LLP in connection with statutory and regulatory filings or engagements were \$2,083,000 and \$2,080,000, respectively.

Audit-Related Fees. For the years 2004 and 2005, the aggregate fees billed to us by KPMG LLP for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under “Audit Fees” above were \$367,500 and \$350,000, respectively. The amount for both years consists of ERISA audits, audits of subsidiaries, compliance attestation and other procedures and reports on controls placed in operation and tests of operating effectiveness.

Tax Fees. For the years 2004 and 2005, the aggregate fees billed to us by KPMG LLP for professional services for tax compliance, tax advice, and tax planning were \$27,500 and \$15,000, respectively. The amount for 2004 consists primarily of tax compliance and research. The amount for 2005 consists of tax compliance fees.

All Other Fees. For the years 2004 and 2005, there were no fees billed to us by KPMG LLP for products and services other than those reported under the three preceding paragraphs.

In July 2003, the Audit Committee adopted a policy providing for pre-approval of all audit and non-audit services to be performed by KPMG LLP, as the registered public accounting firm that performs the audit of our consolidated financial statements that are filed with the SEC. A copy of the policy, as amended, is attached to this proxy statement at pages C-6 through C-9 of Appendix C. None of the services provided to us by KPMG LLP and described in the three paragraphs immediately preceding this one were approved pursuant to the de minimis exception of SEC Rule 2-01(c)(7)(i)(C).

The Board of Directors unanimously recommends that the shareholders vote for Item No. 3.

OTHER MATTERS

The Board of Directors, at the time of the preparation and printing of this proxy statement, knew of no other business to be brought before the meeting other than the matters described in this proxy statement. If any other business properly comes before the meeting, the persons named in the enclosed proxy will have discretionary authority to vote all proxies in accordance with their best judgment.

SHAREHOLDER PROPOSAL AND NOMINATION DEADLINES

If you intend to present a shareholder proposal at the 2007 annual meeting, it must be received by the Corporate Secretary, First Horizon National Corporation, P. O. Box 84, Memphis, Tennessee, 38101, not later than November 14, 2006, for inclusion in the proxy statement and form of proxy relating to that meeting.

In addition, Sections 2.8 and 3.6 of our Bylaws provide that a shareholder who wishes to nominate a person for election to the Board or submit a proposal at a shareholder meeting must comply with certain procedures whether or not the matter is included in our proxy statement. These procedures require written notification to us, generally not less than 90 nor more than 120 days prior to the date of the shareholder meeting. If, however, we give fewer than 100 days' notice or public disclosure of the shareholder meeting date to shareholders, then we must receive the shareholder notification not later than 10 days after the earlier of the date notice of the shareholder meeting was mailed or publicly disclosed. The shareholder must disclose certain information about the nominee or item proposed, the shareholder and any other shareholders known to support the nominee or proposal. Section 2.4 of our Bylaws provides that the date and time of the annual meeting will be the third Tuesday in April (or, if that day is a legal holiday, on the next succeeding business day that is not a legal holiday) at 11:00 a.m. Memphis time or such other date and/or such other time as our Board may fix by resolution. The meeting date for 2007, determined according to the Bylaws, is April 17, 2007. Thus, shareholder proposals and nominations submitted outside the process that permits them to be included in our proxy statement must be submitted to the Corporate Secretary between December 18, 2006 and January 17, 2007, or the proposals will be considered untimely. Untimely proposals may be excluded by the Chairman or our proxies may exercise their discretion and vote on these matters in a manner they determine to be appropriate.

EXECUTIVE COMPENSATION

The Summary Compensation Table provides compensation information about Mr. Glass, who served during 2005 as Chief Executive Officer (“CEO”), and about our other four most highly compensated executive officers at year end 2005. All of the named officers are officers of both First Horizon and the Bank. The amounts include all compensation earned during each year indicated, including amounts deferred (which, if deferred into options, are disclosed in the notes to the table and in column (g)), by the named officers for all services rendered in all capacities to us and our subsidiaries. Information is provided for each entire year in which a named individual served during any portion of the year as an executive officer. Additional information is provided in tabular form in the following pages about option grants and exercises in 2005, year-end option values, long-term incentive plan awards, and pension benefits, along with certain other information concerning compensation of executive officers. The report of the Board’s Compensation Committee on executive compensation, along with information on compensation of directors, is located in the “Corporate Governance and Board Matters” section of this proxy statement above.

Summary Compensation Table

(a) Name And Principal Position	Annual Compensation				Long-Term Compensation			
	(b) Year	(c) Salary (\$)	(d) Bonus (\$)	(e) Other Annual Compensation \$(1)	Award(s)		Payouts	
					(f) Restricted Stock Award(s) \$(2)	(g) Securities Underlying Options/ SARs \$(3)	(h) LTIP Payouts (\$)	(i) All Other Compensation \$(7)
J. Kenneth Glass Chairman of the Board, President & CEO	2005	909,046(4)	319,000	15,700	1,919,176	58,405(4)	—	149,315
	2004	813,215(4)	285,000	11,811	—	165,541(4)	—	127,836
	2003	764,346(4)	1,272,416	11,913	2,075,750	133,365(4)	—	124,684
Gerald L. Baker COO(5)	2005	600,385	2,394,000	17,806	983,288	9,453	—	113,106
	2004	571,345	3,651,241	792	—	15,717	—	42,254
Charles G. Burkett Pres—Tennessee & National Banking	2005	600,385	995,000	11,248	983,288	9,453	—	83,031
	2004	524,942	535,000	8,452	—	13,667	—	57,738
	2003	420,308	472,847	6,376	—	13,681	—	47,459
Jim L. Hughes Pres—FTN Financial(6)	2005	600,385	3,395,000	3,333	983,288	9,453	—	217,881
	2004	517,737	3,425,000	849	—	15,717	—	193,134
Larry B. Martin COO—First Tennessee Financial Services	2005	464,492	710,035	11,256	760,530	7,313	—	71,097
	2004	441,938	100,000	8,578	—	12,169	—	58,168
	2003	420,308	459,712	6,376	—	13,681	—	51,107

- The amounts in column (e) for all years represent tax gross-up payments primarily on automobile allowance and on other management benefits. Such payments are intended to provide these benefits on approximately an after-tax basis.
- Column (f) includes conventional restricted stock and PARSAP shares. Not included are stock units in deferral accounts which are described in note 2 to the Stock Ownership Table in this proxy statement, and restricted stock, restricted stock units and performance share units associated with the LTIP, awards of which for 2005 are disclosed in the Long-Term Incentive Plans—Awards in Last Fiscal Year table in this proxy statement. Restricted stock and PARSAP are valued on the basis of a share of stock on the date of the award: \$40.34 4-22-2005, \$43.47 4-20-2004, and \$41.515 4-17-2003. On December 31, 2005, the named executive officers held the following shares of restricted stock (including stock units in deferral accounts and restricted stock associated

with the 2003 LTIP awards, the amounts of both of which are set forth below in this footnote) with market values as indicated: Mr. Glass—254,593 shares \$9,794,193; Mr. Baker—34,218 shares

\$1,316,366; Mr. Burkett—47,758 shares \$1,837,250, Mr. Hughes—47,163 shares \$1,814,361; and Mr. Martin—61,771 shares \$2,376,330. Market values are based on the average of the high and low prices at which our stock traded on December 30, 2005, which was \$38.47 per share. The number of shares disclosed above includes stock units in deferral accounts, as follows: Mr. Glass—107,908; Mr. Baker—0; Mr. Burkett—0; Mr. Hughes—12,945; and Mr. L. Martin—19,535. It also includes restricted stock associated with the 2003 LTIP awards, as follows: Mr. Glass—28,900; Mr. Baker—0; Mr. Burkett—12,000; Mr. Hughes—0; and Mr. L. Martin—12,000. As of February 2006, all of the restricted stock associated with the 2003 LTIP awards was forfeited. Dividends are paid on restricted stock (and dividend equivalents are paid on stock units in deferral accounts), except for restricted stock associated with the 2003 LTIP awards (as to which dividends were paid to participants until July 2004 but discontinued thereafter), at the same rate as all other shares of common stock. Deferred dividend equivalents on stock units in deferral accounts accrue interest at a 10-year Treasury rate and are settled only in cash.

- (3) All column (g) amounts represent stock options. No stock appreciation rights (SARs) were awarded.
- (4) In 2003 and 2002, Mr. Glass elected to receive deferred compensation stock options in lieu of \$50,000 and \$50,000 of his salary earned for the following year. The dollar amounts in column (c) do not include the deferred amounts. In lieu of deferred salary, options for 1,155 shares, 1,106 shares, 1,142 shares, and 1,139 shares were granted on 1-03-2005, 7-01-2004, 1-2-2004, and 7-1-2003, respectively; all such grants are included in column (g).
- (5) Mr. Baker first became an executive officer of First Horizon during 2004.
- (6) Mr. Hughes first became an executive officer of First Horizon during 2004.
- (7) Elements of “All Other Compensation” for 2005 consist of the following:

All Other Compensation

	Above- Market Rate	Insurance	Flex \$	401k Match	Financial Counseling	Auto Allowance	Dues	Misc	Total
Mr. Glass	\$ 50,348	\$ 45,680	\$ 7,320	\$ 6,300	\$ 10,600	\$ 20,332	\$ 8,735	—	\$ 149,315
Mr. Baker	—	69,601	7,320	1,554	—	27,150	1,632	5,849	113,106
Mr. Burkett	—	38,689	7,450	6,300	9,000	18,156	3,436	—	83,031
Mr. Hughes	95,033	106,592	7,320	6,300	—	—	2,636	—	217,881
Mr. Martin	670	35,743	7,385	6,300	—	17,536	3,463	—	71,097

“Above-Market Rate” represents above-market interest accrued on certain compensation deferred prior to 1996.

“Insurance” represents insurance premiums with respect to our supplemental life insurance and disability plans. Under our Survivor Benefits Plan a benefit of 2½ times final annual base salary is paid upon the participant’s death prior to retirement (or 2 times final salary upon death after retirement).

“Flex \$” represents First Horizon’s contribution to the Flexible Benefits Plan, based on salary, service and corporate performance.

“401(k) Match” represents First Horizon’s 50 percent matching contribution to the 401(k) Savings Plan, which is based on the amount of voluntary contributions by the participant to the FHNC stock fund, up to 6 percent of compensation.

“Financial Counseling” represents payments for the preparation of income tax returns and related financial counseling.

“Auto Allowance” represents a cash allowance paid to certain executives in lieu of providing a company automobile, and reimbursement of certain related maintenance expenses.

“Dues” represents annual dues for membership in a country club or other social organization. Executives who use the club membership in part for business purposes may request reimbursement of 50% of the annual dues associated with club membership.

“Misc” represents a relocation allowance (\$5,000) and reimbursement for a health club membership (\$849).

The following table provides information about stock options granted during 2005 to the officers named in the Summary Compensation Table. No stock appreciation rights (SARs) were granted during 2005.

Options/SAR Grants in Last Fiscal Year

Name	Individual Grants				
	Number of Securities Underlying Options/SAR's Granted #(1)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price(2) (\$ per share)(1)	Expiration Date	Grant Date Present Value \$(3)
Mr. Glass	58,405	2.43%	\$ 40.34	4/22/2012	471,328 (4)
	1,155(2)	0.05%	21.65	1/3/2015	25,098 (5)
Mr. Baker	9,453	0.39%	40.34	4/22/2012	76,286 (4)
Mr. Burkett	9,453	0.39%	40.34	4/22/2012	76,286 (4)
Mr. Hughes	9,453	0.39%	40.34	4/22/2012	76,286 (4)
Mr. L. Martin	7,313	0.30%	40.34	4/22/2012	59,016 (4)

- (1) All options except those marked with footnote (2) were granted on 4-22-05 and vest 50% after three years from the date of grant and 100% after four years. The exercise price per share equals the fair market value of one share of our common stock on the date of grant. Under the terms of all options, including those marked with footnote (2), participants are permitted to pay the exercise price of the options with our stock; the option plan provides for tax withholding rights upon approval of the plan committee; and upon a Change in Control (as defined in the subsection entitled Employment Contracts and Termination of Employment and Change-in-Control Arrangements), all options vest.
- (2) Options indicated by footnote (2) were granted during 2005 in lieu of compensation earned during 2004. Mr. Glass was granted 1,155 shares on 1-03-05 in lieu of \$25,000 of his 2004 salary. The exercise price per share equals 50% of the fair market value (“FMV”) of one share of First Horizon common stock on the respective grant dates. FMV on the grant date was \$43.29. Options granted in lieu of cash compensation vested six months after the grant date, and originally would have expired in 2015; however, Mr. Glass has elected to exercise these options during 2008. No SARs were granted in lieu of cash compensation.
- (3) A variation of the Black-Scholes option-pricing model has been used. Certain key facts and assumptions used to calculate the grant date value of the options shown in this column are highlighted in notes 4 and 5 below. The actual value, if any, realized by a participant upon the exercise of any option may differ and will depend on the future market price of our common stock.
- (4) Black-Scholes values are based on the facts set forth in the table above and the following assumptions: an interest rate of 4.11%; volatility in our stock price of 26.30%; a dividend yield for our stock of 4.26%; and, an expected life of 7 years. See note (3) above.
- (5) Black-Scholes value is based on the facts set forth in the table above and the following assumptions: an interest rate of 3.47%; volatility in our stock price of 20%; a dividend yield for our stock of 3.97%; and, an expected life of 4 years, which is less than the maximum term of the options to reflect the probability of exercise prior to the final expiration date. See note (3) above.

The following table provides information about stock options held at December 31, 2005 and exercises during 2005 by the officers named in the Summary Compensation Table. The values in column (e) reflect the spread between

the market value at December 30, 2005, of the shares underlying the option and the exercise price of the option.

**Aggregated Option/SAR Exercises in Last Fiscal Year and
Fiscal Year-End Options/SAR Values**

(a) Name	(b) Shares Acquired On Exercise (#)	(c) Value Realized (\$)	(d) Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End(1)		(e) Value of Unexercised In-the-Money Options/SARs at Fiscal Year-End(1)	
			Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)
Mr. Glass	—	—	427,522	512,516	\$ 4,544,175	\$ 314,511
Mr. Baker	—	—	52,397	39,791	534,330	16,948
Mr. Burkett	—	—	47,872	43,916	342,939	23,654
Mr. Hughes	—	—	384,227	39,791	1,298,395	16,948
Mr. Martin	—	—	84,296	40,278	1,199,273	23,654

(1) No stock appreciation rights, or SARs, were separately granted or are attached to any of the options shown in the table. Option values are based on \$38.47 per share, the average of the high and low sales price of a share of our stock on December 30, 2005.

The following table provides information about Long-Term Incentive Program (“LTIP”) awards made during 2005 to the officers named in the Summary Compensation Table. In early 2005, the Compensation Committee combined two years of the 2004 LTIP awards with 2005 LTIP awards. In connection with that action, for each executive the Compensation Committee limited the amount payable under the 2004 LTIP to a single-year amount and granted a 2005 LTIP award with both a two-year performance period (2005-2006) and a three-year performance period (2005-2007); those sub-awards are referred to as the 2-year Award and the 3-year Award.

Long-Term Incentive Plans—Awards in Last Fiscal Year

(a) Name	(b) Number of Shares, Units or Other Rights (#)	(c) Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Priced-Based Plans(1)		
			(d) Threshold (\$)	(e) Target (\$)	(f) Maximum (\$)
Mr. Glass	60,193	2005–2007	858,750	2,576,250	2,576,250
	39,807	2005–2006	572,500	1,717,500	1,717,500
Mr. Baker	31,805	2005–2007	453,750	1,361,250	1,361,250
	21,204	2005–2006	302,500	907,500	907,500
Mr. Burkett	31,805	2005–2007	453,750	1,361,250	1,361,250
	21,204	2005–2006	302,500	907,500	907,500
Mr. Hughes	31,805	2005–2007	453,750	1,361,250	1,361,250
	21,204	2005–2006	302,500	907,500	907,500
Mr. Martin	24,603	2005–2007	351,000	1,053,000	1,053,000
	16,402	2005–2006	234,000	702,000	702,000

- (1) The threshold payouts listed in the table above are based on achieving a certain pre-set minimum earnings per share (EPS) level and EPS growth ranking. The Compensation Committee has the discretion to reduce the payout below the threshold payout amount shown, and has the discretion to allow a payout if the pre-set EPS level is achieved but the growth ranking is not. The target and maximum payouts listed in the table above may differ from the amounts actually paid because the payouts under this program are based on the fair market value of our common stock at the end of the three-year performance period if the performance criteria are met.

The Long-Term Incentive Program's objective is to provide a total cumulative award of up to 225 percent of our executives' annual bonus potential paid (or settled) with stock and cash. The 2005 LTIP

was awarded in the form of performance share units (PSUs). Each PSU represents the value of a share of First Horizon common stock on the vesting date. The number of PSUs awarded to Mr. Glass was a multiple of his target bonus. Specifically, the number of PSUs granted was equal to 150% of base salary times Mr. Glass's target bonus percentage for the 2-year Award and 225% of base salary times his target bonus percentage for the 3-year Award, in each case divided by the fair market value of a share of First Horizon common stock on March 4, 2005 (\$42.80). For Messrs. Baker, Burkett, Hughes and Martin, the number of PSUs awarded was a multiple of the executive's salary. Specifically, the number of PSUs granted was equal to 150% of base salary for the 2-year Award and 225% of base salary for the 3-year Award, in each case divided by the fair market value of a share of First Horizon common stock on March 4, 2005.

PSUs are not shares of stock, and have no value unless and until vested. All PSUs are eligible to vest if the Company's average annual earnings per share (EPS) during the applicable performance period equal or exceed a pre-set threshold. Certain adjustments to EPS are required for certain non-recurring items and certain other events, and the Compensation Committee has the discretion to reduce the vesting percentage in various circumstances. At the time the 2005 LTIP awards were granted, the Committee intended to exercise its discretion according to several factors. A critical factor was the Company's EPS growth ranking relative to certain peer companies, and a schedule was established showing specific reductions in payout at various growth ranks. Below a minimum rank, the Committee intended to exercise its discretion as to whether any payout would be made. The Committee retains the ability to deviate from the schedule if circumstances warrant.

If and when vested, PSUs are to be paid in actual shares of stock. PSUs do not earn dividends and may not be voted during the performance period. PSUs may be forfeited in certain events related to termination of employment, and vesting is to be accelerated upon certain change in control events. The 2005 LTIPs are designed to tie each executive's long-term compensation directly to an increase in shareholder value and to a specific EPS target.

The following table provides information about estimated combined benefits under both our Pension Plan and our Pension Restoration Plan.

Pension Plan Table

Covered Compensation						
Average Salary	15 Years	20 Years	25 Years	30 Years	35 Years	40 Years
\$ 200,000	\$ 82,679	\$ 100,639	\$ 118,599	\$ 126,691	\$ 134,782	\$ 142,874
400,000	141,887	179,583	217,279	235,239	253,198	271,158
600,000	201,095	258,527	315,959	343,787	371,614	399,442
800,000	260,303	337,471	414,639	452,335	490,030	527,726
1,000,000	319,511	416,415	513,319	560,883	608,446	656,010
1,200,000	378,719	495,359	611,999	669,431	726,862	784,294

Note: Benefit shown is subject to limitations fixed by the Secretary of the Treasury pursuant to Section 415 of the Tax Code. The limitation is \$170,000 for 2005 or 100% of the employee's average income in his three highest paid years, whichever is less.

Our Pension Plan is integrated with social security under an "offset" formula, applicable to all participants. Retirement benefits are based upon a participant's average base salary for the highest 60 consecutive months of the last 120 months of service ("Covered Compensation"), service, and social security benefits. Benefits are normally payable in monthly installments after age 65. The normal form of benefit payment for a married participant is a qualified joint and survivor annuity with the surviving spouse receiving for life 50 percent of the monthly amount the participant received. The normal form of benefit payment for an unmarried participant is an annuity payable for life and 10 years certain. For purposes of the plan, "compensation" is defined as the total cash remuneration reportable on the employee's IRS form W-2, plus pre-tax contributions under the Savings Plan and employee contributions under the Flexible Benefits Plan, excluding bonuses, commissions, and incentive and contingent compensation. Our Pension

Restoration Plan is an unfunded plan covering employees in the highest salary grades, including all executive officers, whose benefits under the Pension Plan have

been limited under Tax Code Section 415, as described in the note to the Pension Table, and Tax Code Section 401(a)(17), which limits compensation to \$210,000 for purposes of certain benefit calculations. "Compensation" is defined in the same manner as it is for purposes of the Pension Plan. Under the Pension Restoration Plan participants receive the difference between the monthly pension payable, if Tax Code limitations did not apply, and the actual pension payable. The amounts shown in the table are annual benefits payable (including any social security payments) in the event of retirement on December 31, 2005 at age 65 of a participant with a spouse who is age 65, assuming receipt of a qualified joint and 50 percent survivor annuity. The estimated credited years of service and the compensation covered by the plans for each of the individuals named in the Summary Compensation Table are as follows: Mr. Glass (32) \$755,353, Mr. Baker (8) \$539,675, Mr. Burkett (33) \$434,835, Mr. Hughes (41) \$343,239, and Mr. L. Martin (36) \$316,086. Some of our subsidiaries do not participate in our Pension Plan or Pension Restoration Plan. For pension purposes, the years of service credited to Mr. Baker (and reported above) include years of service with non-participating subsidiaries. Mr. Hughes has an agreement with us (described in the next section of this proxy statement) which will provide to him, among other things, a fixed annual post-retirement benefit supplemental to that described above.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

We have contracts with approximately 100 officers, including each of the named executive officers, which may be terminated upon three years' prior notice. These contracts provide generally for a payment (which, for the named executive officers, is equal to three times annual base salary plus annual target bonus) in the event of (1) a termination of the officer's employment by us other than "for cause" or by the employee for "good reason" (as such terms are defined in the contracts) within 36 months after a "Change-in-Control" or (2) the officer's termination of employment for any reason (other than "cause") during the 30-day period commencing one year after a Change-in-Control (the latter type of termination is commonly known as a "modified single trigger"). The contracts provide generally for an excise tax gross-up with respect to any taxes incurred under Tax Code Section 4999 following a Change-in-Control and for 3 years continued welfare benefits. The term "Change-in-Control" is defined to include:

- a merger or other business combination, unless (i) more than 50 percent of the voting power of the corporation resulting from the business combination is represented by our voting securities outstanding immediately prior thereto, (ii) no person or other entity beneficially owns 20 percent or more of the resulting corporation, and (iii) at least a majority of the members of the board of directors of the resulting corporation were our directors at the time of board approval of the business combination (solely for purposes of the severance contracts, but not for purposes of their 30-day termination period, the "50 percent" test in clause (i) is changed to "60 percent" and the "majority of the board" test in clause (iii) is changed to "two-thirds of the board"),
- the acquisition by a person or other entity of 20 percent or more of our outstanding voting stock,
- a change in a majority of the Board of Directors, or
- shareholder approval of a plan of complete liquidation or a sale of substantially all of our assets.

During 2005, our Board of Directors adopted changes to the arrangements described above. Pursuant to these changes, we have entered into new contracts with officers that become effective upon the termination of the old contracts. While the old contracts required three years' notice prior to termination and were therefore scheduled to terminate in 2008, the majority of the officers (including all the named executive officers) have waived the three year notice period, and with respect to them the new contracts are already in effect. The new contracts have the same provisions as the old contracts except that (1) the modified single trigger provision has been eliminated from contracts with officers other than executive officers, (2) with respect to executive officers (including named executive officers) whose bonuses are based on a percentage of business unit earnings, the severance payment under the contract will be calculated using 100% of annual base salary as the annual target bonus, (3) the 20 percent figure in the portion of the definition of Change-in-Control described in the second bullet point above will be raised to 50 percent solely for purposes of the modified single trigger in

contracts with our executive officers (including the named executive officers) and (4) certain other changes have been made to comply with tax laws.

A Change-in-Control has the following effect on certain benefit plans in which the named executive officers participate:

- Target annual bonuses and LTIP awards are prorated through the date of the Change-in-Control and paid.
- Restricted stock, restricted stock units, phantom stock units and unvested stock options vest.
- Under our Pension Restoration Plan, a lump sum payout is made to participants of the present value, using a discount rate of 4.2 percent, of the participant's scheduled projected benefits, assuming periodic distributions of the participant's accrued benefit in the normal form under the plan, actuarially adjusted according to a formula for the participant's age at the time of the Change-in-Control.
- Excess funding in the Pension Plan is allocated, according to a formula, to participants and retirees.
- Deferred compensation under individual deferral agreements that accrue interest based on the 10-year Treasury rate and certain other benefits are paid over to previously established rabbi trusts. Funds in such trusts will remain available for the benefit of our general creditors prior to distribution.
- Our Survivor Benefits Plan generally cannot be amended to reduce benefits.
- Under the Directors and Executives Deferred Compensation Plan under which new deferrals have not been permitted since 1995, a lump sum payout is made to participating employees and certain terminated employees of the present value, using a discount rate of 4.2 percent, of the participant's scheduled projected distributions, assuming employment through normal retirement date and continued interest accruals at above-market rates, described in the "Compensation of Directors" section above.

In 2004, we entered into an agreement with Jim L. Hughes, who has been an employee with us for over 40 years, relating to certain terms of Mr. Hughes's employment and certain components of his compensation and benefits package. At the time of this agreement, Mr. Hughes began reporting directly to Mr. Glass, our Chairman and Chief Executive Officer, and was designated by the Board as an executive officer of First Horizon. The agreement provides for a base salary of \$575,000 and a maximum annual bonus opportunity of \$3,425,000 under the 2002 Management Incentive Plan. It also provides for Mr. Hughes's participation in our Amended and Restated Pension Restoration Plan, our PARSAP program, and our Long-Term Incentive Program, and states that he will be entitled to any other compensation or benefits to which he would otherwise be entitled under any plan or future plan based on his salary grade and/or base salary. Under the Amended and Restated Pension Restoration Plan, Mr. Hughes will receive a supplemental annual benefit of \$330,747, which will be paid in bi-weekly installments for 10 years, commencing the first pay day of the month following the month in which Mr. Hughes's employment with First Horizon terminates for any reason other than for "cause" as defined by the agreement.

Compensation Committee Interlocks and Insider Participation

Messrs. Blattberg, Haslam, and Martin, all of whom are non-employee directors, served as members of the Board of Director's Compensation Committee, during 2005. Refer to the table in "Corporate Governance and Board Matters—Composition of Board Committees" above for additional committee information. No interlocking relationships existed with respect to any of the members of the Committee.

Certain Relationships and Related Transactions

The Bank and its subsidiaries have had banking transactions, including but not limited to loans and related interest rate swap agreements, if any, in the ordinary course of business with our executive officers, directors, nominees, and their associates, and they expect to have such transactions in the future. Such transactions have been on substantially the same terms, including interest rates and

collateral on loans, as those prevailing at the same time for comparable transactions with others and have not involved more than the normal risk of collectibility or presented other unfavorable features. From time to time, the Bank and its broker-dealer subsidiaries may sell securities either as agent or as principal to our executive officers and directors and their associates on terms substantially similar to those available to members of the general public. Our executive officers and directors do not derive any special benefits from such transactions.

During 2005, the Bank made lease payments on one of its branches to Lacey Mosby & Sons, Inc., a business in which an equity investment is owned by Marlin L. Mosby, Jr., the father of Marlin L. Mosby, III, who was designated as an executive officer of First Horizon in October 2002. The lease, which was an arm's length transaction at market rates, was entered into in 1997, has a 30 year term, provides for monthly payments of \$3,000, increasing in increments to \$7,000 per month in 2017, and has renewal options. The Bank has leased this location or an adjacent property from this business for over 30 years.

During 2005, Luke Yancy IV and Tanika C. Yancy, the son and daughter-in-law of Luke Yancy III, were employed as a commercial loan officer and as a brokerage sales assistant, respectively, by the Bank. Mr. Yancy IV left the Bank's employ to take another position during the summer of 2005. Together Mr. and Mrs. Yancy received an aggregate of approximately \$120,000 in total compensation in 2005. Both Mr. Yancy and Mrs. Yancy, each of whom was employed by the Bank prior to Mr. Yancy III's election as a director, were compensated comparably to similarly situated employees, and neither of them is one of our executive officers.

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings by reference, including this proxy statement, in whole or in part, the following Total Shareholder Return Performance Graph shall not be incorporated by reference into any such filings.

Total Shareholder Return Performance Graph

The following graph compares the yearly percentage change in our cumulative total shareholder return with returns based on the Standard and Poor's 500 index and two peer group indices, which are described below. It should be noted that the "total shareholder return" reflected in the graph is not comparable to the "total shareholder return" described in the Compensation Committee Report because the former has a different measurement period and it has been adjusted and weighted for the market capitalization of the companies in the peer group, as required by SEC regulations.

Our peer group in 2004 consisted of the American Banker Top 50 banking organizations (excluding First Horizon) as measured by market capitalization as of the end of the most recent fiscal year. As of the end of 2004, we became one of the top 30 bank holding companies in the U.S. based on asset size as reported in the American Banker (Top 30). Therefore, as we disclosed in the Compensation Committee Report of our 2005 proxy statement, we intend from now on to use the Top 30 as our peer group for purposes of the total shareholder return graph. In accordance with SEC regulations, we have included both the Top 50 and the Top 30 in the graph below.

**Total Shareholder Return
2000–2005**

\$180.00

\$160.00

\$140.00

\$120.00

\$100.00

\$80.00

\$60.00

\$40.00

\$0.00

American Banker Top Fifty

First Horizon

S&P 500 (reinvested quarterly)

Top 30

\$20.00

2000

2001

2002**2003****2004****2005**

	2000	2001	2002	2003	2004	2005
First Horizon	\$ 100	129	131	157	158	152
S&P 500	100	88	66	95	106	111
American Banker Top 50	100	104	98	134	146	149
Top 30	100	104	99	134	145	148

The preceding graph assumes \$100 is invested on December 31, 2000 and dividends are reinvested. Returns are market-capitalization weighted.

The Top 30 consists of the following (with First Horizon excluded): AmSouth Bancorporation, Bank of America Corporation, The Bank of New York Company, Inc., BBT Corporation, Capital One Financial Corporation, Citigroup Inc., Comerica Incorporated, Commerce Bancorp, Inc., Fifth Third Bancorp, Huntington Bancshares Incorporated, JPMorgan Chase & Co., KeyCorp, M&T Bank Corporation, Marshall & Illsley Corporation, Mellon Financial Corporation, National City Corporation, North Fork Bancorporation, Inc., Northern Trust Corporation, The PNC Financial Services Group, Inc., Popular, Inc., Regions Financial Corporation, State Street Corporation, SunTrust Banks, Inc., Synovus Financial Corp., U.S. Bancorp, UnionBanCal Corporation, Wachovia Corporation, Wells Fargo & Company, and Zions Bancorporation. The American Banker Top 50 (again, excluding First Horizon) consists of all of the foregoing, plus Associated Banc-Corp, Bank of Hawaii Corporation, TD Banknorth, Inc., BOK Financial Corporation, City National Corporation, The Colonial BancGroup, Inc., Commerce Bancshares, Inc., Compass Bancshares, Inc., Cullen/Frost Bankers, Inc., FirstMerit Corporation, Fulton Financial

Corporation, Hudson United Bancorp, International Bancshares Corporation, Mercantile Bankshares Corporation, SVB Financial Group, Sky Financial Group, Inc., TCF Financial Corporation, Valley National Bancorp, Webster Financial Corporation, and Wilmington Trust Corporation.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (“Exchange Act”) requires our directors and officers to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and to furnish us with copies of all forms filed.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the past fiscal year our officers and directors complied with all applicable Section 16(a) filing requirements, except for Larry B. Martin, who inadvertently failed timely to file one required Form 4 with respect to the transfer of approximately 149 shares out of the First Horizon stock fund of the 401(k) plan. This transfer was part of retirement-planning diversification advised by Mr. Martin's financial planner, and Mr. Martin's filing obligation with respect to this transaction has now been fulfilled. This transaction did not give rise to liability for any short-swing profit.

AVAILABILITY OF ANNUAL REPORT ON FORM 10-K

A copy of our Annual Report on Form 10-K, including the financial statements and schedules thereto, which is filed with the SEC, is available free of charge to each shareholder of record upon written request to the Treasurer, First Horizon National Corporation, P. O. Box 84, Memphis, Tennessee, 38101. Each such written request must set forth a good faith representation that as of the record date specified in the notice of annual shareholders' meeting the person making the request was a beneficial owner of a security entitled to vote at the annual meeting of shareholders.

The exhibits to the Annual Report on Form 10-K will also be supplied upon written request to the Treasurer and payment to us of the cost of furnishing the requested exhibit or exhibits. A document containing a list of each exhibit to Form 10-K, as well as a brief description and the cost of furnishing each such exhibit, will accompany the Annual Report on Form 10-K.

BY ORDER OF THE
BOARD OF DIRECTORS

CLYDE A. BILLINGS, JR.
Senior Vice President,
Assistant General Counsel and
Corporate Secretary

March 13, 2006

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FIRST HORIZON NATIONAL CORPORATION
2003 EQUITY COMPENSATION PLAN
(As Amended and Restated April 18, 2006)

SECTION 1—Purpose

This plan shall be known as the “First Horizon National Corporation 2003 Equity Compensation Plan” (the “Plan”). The purpose of the Plan is to promote the interests of First Horizon National Corporation, a Tennessee corporation (the “Company”), and its shareholders by (i) attracting and retaining officers, employees, and non-employee directors of the Company and its Subsidiaries, (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals, (iii) enabling such individuals to participate in the long-term growth and financial success of the Company, (iv) encouraging ownership of stock in the Company by such individuals, and (v) linking compensation to the long-term interests of shareholders. With respect to any awards granted under the Plan that are intended to comply with the requirements of “performance-based compensation” under Section 162(m) of the Code (as defined below), the Plan shall be interpreted in a manner consistent with such requirements.

SECTION 2—Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

“**Award**” shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Performance Award granted under the Plan, whether singly or in combination, to a Participant pursuant to such terms, conditions, restrictions and/or limitations, if any, as may be established from time to time.

“**Award Agreement**” shall mean any written or electronic agreement, contract, notice or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

“**Board**” shall mean the Board of Directors of the Company.

“**Cause**” shall mean (i) a Participant’s conviction of, or plea of guilty or *nolo contendere* (or similar plea) to, (A) a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, (B) a felony charge or (C) an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) the engaging by a Participant in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act); (iii) a Participant’s failure to perform his or her duties to the Company or its Subsidiaries; (iv) a Participant’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any of its Subsidiaries or affiliates is a member; (v) a Participant’s violation of any policy of the Company or its Subsidiaries concerning hedging or confidential or proprietary information, or a Participant’s material violation of any other policy of the Company or its Subsidiaries as in effect from time to time; (vi) the engaging by a Participant in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company or its Subsidiaries; or (vii) the engaging by the Participant in any conduct detrimental to the Company or its Subsidiaries. The determination as to whether Cause has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Plan or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting Cause.

“**Change in Control**” shall mean, unless otherwise defined in the applicable Award Agreement, the occurrence of any one of (and shall be deemed to have occurred on the date of the earliest to occur of) the following events:

- (i) individuals who, on January 21, 1997, constitute the Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to January 21, 1997, whose election or nomination for election was approved by a vote of at least three-fourths (3/4) of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual elected or nominated as a director of the Company initially as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;
- (ii) any “Person” (for purposes of this definition only, as defined under Section 3(a)(9) of the Exchange Act as used in Section 13(d) or Section 14(d) of the Exchange Act) is or becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company’s then outstanding securities eligible to vote for the election of the Board (the “Company Voting Securities”); provided, however, that the event described in this paragraph (ii) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (A) by the Company or any Subsidiary, (B) by an employee stock ownership or employee benefit plan or trust sponsored or maintained by the Company or any Subsidiary, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, or (D) pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii) hereof);
- (iii) the shareholders of the Company approve a merger, consolidation, share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries that requires the approval of the Company’s shareholders, whether for such transaction or the issuance of securities in the transaction (a “Business Combination”), unless immediately following such Business Combination: (A) more than 50% of the total voting power of (x) the corporation resulting from such Business Combination (the “Surviving Corporation”), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the “Parent Corporation”), is represented by Company Voting Securities that were outstanding immediately prior to the consummation of such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination, (B) no Person (other than any employee benefit plan sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of 20% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) and (C) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”); or
- (iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company’s assets.

Computations required by paragraph (iii) shall be made on and as of the date of shareholder approval and shall be based on reasonable assumptions that will result in the lowest percentage obtainable. Notwithstanding the foregoing, a Change in Control of the Company shall not be deemed to have occurred solely because any Person acquires beneficial ownership of more than twenty percent

(20%) of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding; provided, that if after such acquisition by the Company such Person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such Person, a Change in Control of the Company shall then occur.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“**Committee**” shall mean a committee of the Board composed solely of not less than two Non-Employee Directors, all of whom shall (i) satisfy the requirements of Rule 16b-3(b)(3) of the Exchange Act, (ii) be “outside directors” within the meaning of Section 162(m) and (iii) otherwise meet any “independence” requirements promulgated by any stock exchange on which the shares are listed. The members of the Committee shall be appointed by and serve at the pleasure of the Board.

“**Company**” shall mean First Horizon National Corporation, a Tennessee corporation, and its successors and assigns.

“**Covered Officer**” shall mean at any date (i) any individual who, with respect to the previous taxable year of the Company, was a “covered employee” of the Company within the meaning of Section 162(m); provided, however, that the term “Covered Officer” shall not include any such individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected not to be such a “covered employee” with respect to the current taxable year of the Company, and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be such a “covered employee” with respect to the current taxable year of the Company or with respect to the taxable year of the Company in which any applicable Award will be paid.

“**Disability**” shall mean, unless otherwise defined in the applicable Award Agreement, a disability that would qualify as a total and permanent disability under the long-term disability plan then in effect at the Employer employing the Participant at the onset of such total and permanent disability.

“**Employee**” shall mean an employee of any Employer.

“**Employer**” shall mean the Company or any Subsidiary.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended from time to time.

“**Fair Market Value**” with respect to the Shares, shall mean, as of any date, (i) the mean between the high and low sales prices at which Shares were sold on the New York Stock Exchange, or, if the shares are not listed on the New York Stock Exchange, on any other such exchange on which the Shares are traded, on such date, or, in the absence of reported sales on such date, the mean between the high and low sales prices on the immediately preceding date on which sales were reported, or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined in good faith by the Committee in its sole discretion.

“**Non-Employee Director**” shall mean a member of the Board who is not an Employee.

“**Option**” shall mean an option to purchase Shares from the Company that is granted under Section 6 or 9 of the Plan and is not intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

“**Option Price**” shall mean the purchase price payable to purchase one Share upon the exercise of an Option.

“Participant” shall mean any Employee, Non-Employee Director or Regional Board Member who receives an Award under the Plan.

“Performance Award” shall mean any right granted under Section 8 of the Plan.

“Person” shall mean any individual, corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization, government or political subdivision thereof or other entity.

“Plan” shall mean this First Horizon National Corporation 2003 Equity Compensation Plan.

“**Regional Board Member**” shall mean any First Tennessee Bank National Association regional board member and any member of the board of directors of any bank subsidiary of the Company, other than First Tennessee Bank National Association, in each case excluding any Employee.

“**Restricted Stock**” shall mean any Share granted under Section 7 or 9 of the Plan.

“**Restricted Stock Unit**” shall mean any unit granted under Section 7 or 9 of the Plan.

“**Retirement**” shall mean, unless otherwise defined in the applicable Award Agreement, the Termination of Employment of a Participant after the Participant has fulfilled all age and service requirements for retirement under the terms of the First Horizon National Corporation Pension Plan, as amended from time to time.

“**SEC**” shall mean the Securities and Exchange Commission or any successor thereto.

“**Section 16**” shall mean Section 16 of the Exchange Act and the rules promulgated thereunder and any successor provision thereto as in effect from time to time.

“**Section 162(m)**” shall mean Section 162(m) of the Code and the rules promulgated thereunder or any successor provision thereto as in effect from time to time.

“**Shares**” shall mean shares of the common stock, \$0.625 par value, as adjusted from time to time for stock splits or reverse stock splits, of the Company.

“**Stock Appreciation Right or SAR**” shall mean a right granted under Section 6 or 9 of the Plan that entitles the holder to receive, with respect to each Share encompassed by the exercise of such SAR, the amount determined by the Committee, or in the case of an Award granted under Section 9 hereof, by the Board, and specified in an Award Agreement. In the absence of such a determination, the holder shall be entitled to receive, with respect to each Share encompassed by the exercise of such SAR, the excess of the Fair Market Value on the date of exercise over the Fair Market Value on the date of grant.

“**Subsidiary**” shall mean any Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company.

“**Substitute Awards**” shall mean Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a Person acquired by the Company or with which the Company or one of its Subsidiaries combines.

“**Termination of Employment**” shall mean the termination of the employee-employer relationship between a Participant and the Employer for any reason, with or without Cause, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, Workforce Reduction or Retirement, but excluding (i) terminations where there is a simultaneous reemployment or continuing employment of the Participant by another Employer; (ii) at the discretion of the Committee, terminations which result in a temporary severance of the employee-employer relationship; and (iii) at the discretion of the Committee, terminations which are followed by the simultaneous establishment of a consulting relationship by an Employer with the Participant. The Committee, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for Cause, and all questions of whether particular leaves of absence constitute Terminations of Employment. However, notwithstanding any provision of this Plan, an Employer has an absolute and unrestricted right to terminate an Employee’s employment at any time for any reason whatsoever, with or without Cause.

“Workforce Reduction” shall mean any termination of the employee-employer relationship between a Participant and the Employer as a result of the discontinuation by the Company of a business or line of business or a realignment of the Company, or a part thereof, or any other similar type of event, provided that the Committee or the Board has designated such discontinuation, realignment or other event as a “Workforce Reduction” for purposes of this Plan.

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SECTION 3—Administration

- (A) *Authority of Committee.* Except as provided by Section 9 hereof, the Plan shall be administered by the Committee, it being understood that the Board retains the right to make Awards under the Plan. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority in its discretion to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the timing, terms, and conditions of any Award; (v) accelerate the time at which all or any part of an Award may be settled or exercised; (vi) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (viii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (ix) amend or modify the terms of any Award after grant; (x) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan subject to the exclusive authority of the Board under Section 13 hereunder to amend, suspend or terminate the Plan.
- (B) *Committee Discretion Binding.* Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including any Employer, any Participant, any holder or beneficiary of any Award, any Employee, any Non-Employee Director and any Regional Board Member.
- (C) *Action by the Committee.* Except as otherwise provided by the Board, the provisions of this Section 3(C) shall apply to the Committee. The Committee shall select one of its members as its chairperson and shall hold its meetings at such times and places and in such manner as it may determine. A majority of its members shall constitute a quorum. Any decision or determination reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary and may make such rules and regulations for the conduct of its business, as it shall deem advisable.
- (D) *Delegation.* Subject to the terms of the Plan, the Board or the Committee may, to the extent permitted by law, delegate to (i) a subcommittee of the Committee, (ii) one or more officers or managers of an Employer or (iii) a committee of such officers or managers, the authority, subject to such terms and limitations as the Board or the Committee shall determine, to grant Awards to, or to cancel, modify or waive rights with respect to or to alter, discontinue, suspend, or terminate Awards held by, Participants who are not officers or directors of the Company for purposes of Section 16 or who are otherwise not subject to Section 16, and who are not Covered Officers.
- (E) *Indemnification.* No member of the Board or the Committee or any Employee (each such person a “Covered Person”) shall have any liability to any person (including any grantee) for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Covered Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys’ fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a

party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and against and from any and all amounts paid by such Covered Person, with the Company's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Company's Restated Charter or Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such persons or hold them harmless.

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SECTION 4—Shares Available for Awards

- (A) *Shares Available.* Subject to the provisions of Section 4(B) hereof, the stock to be subject to Awards under the Plan shall be Shares and the maximum number of Shares which may be issued with respect to Awards shall be 8,500,000, of which no more than 4,800,000 shall be issued with respect to Awards other than Options. If, after the effective date of the Plan, any Shares covered by an Award granted under this Plan, or to which such an Award relates, are forfeited, or if such an Award is settled for cash or otherwise terminates, expires unexercised, or is canceled without the delivery of Shares, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares which may be issued with respect to Awards, to the extent of any such settlement, forfeiture, termination, expiration, or cancellation, shall again become Shares which may be issued with respect to Awards. In the event that any Option or other Award granted hereunder is exercised through the delivery of Shares by the Participant or in the event that withholding tax liabilities arising from such Award are satisfied by the withholding of Shares by the Company from the total number of Shares that otherwise would have been delivered to the Participant, the number of Shares which may be issued with respect to Awards shall be increased by the number of Shares so surrendered or withheld. Notwithstanding the foregoing and subject to adjustment as provided in Section 4(B) hereof, the number of Shares with respect to which Options and SARs may be granted to any one Participant in any one calendar year shall be no more than 500,000 Shares.
- (B) *Adjustments.* The number of Shares covered by each outstanding Award, the number of Shares available for Awards, the number of Shares that may be subject to Awards to any one Participant, and the price per Share covered by each such outstanding Award shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares, and may be proportionately adjusted, as determined in the sole discretion of the Board, for any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company or to reflect any distributions to holders of Shares other than regular cash dividends. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award. After any adjustment made pursuant to this paragraph, the number of Shares subject to each outstanding Award shall be rounded to the nearest whole number.
- (C) *Substitute Awards.* Any Shares issued by the Company as Substitute Awards shall not reduce the Shares available for Awards under the Plan.

- (D) *Sources of Shares Deliverable Under Awards.* Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of issued Shares which have been reacquired by the Company.

SECTION 5—Eligibility

Any Employee (including any officer or employee-director of an Employer), Non-Employee Director or Regional Board Member shall be eligible to be designated a Participant; provided, however, that Non-Employee Directors shall only be eligible to receive Awards granted pursuant to Section 9 hereof.

SECTION 6—Stock Options and Stock Appreciation Rights

- (A) *Grant.* Except as provided by Sections 3 and 9 hereof, the Committee shall have sole and complete authority to determine the Participants to whom Options and SARs shall be granted, the number of Shares subject to each Award, the exercise price and the conditions and limitations applicable to the exercise of Options and SARs. A person who has been granted an Option or SAR under this Plan may be granted additional Options or SARs under the Plan if the Committee shall so determine.
- (B) *Option Price.* The Committee, in its sole discretion, shall establish the Option Price at the time each Option is granted. Except in the case of Substitute Awards, the Option Price of an Option may not be less than 100% of the Fair Market Value of the Shares with respect to which the Option is granted on the date of grant of such Option. Notwithstanding the prior sentence, the Option Price of an Option may be less than 100% of the Fair Market Value of the Shares with respect to which the Option is granted on the date of grant of such Option if (i) the grantee of the Option has entered into an agreement with the Company pursuant to which the grant of the Option is in lieu of the payment of compensation and (ii) the amount of such compensation when added to the Option Price of the Option equals at least 100% of the Fair Market Value of the Shares with respect to which the Option is granted on the date of grant of such Option. Notwithstanding the foregoing and except as provided by Sections 4(B) and 13(C) hereof, the Committee shall not have the power to (i) amend the terms of previously granted Options to reduce the Option Price of such Options, or (ii) cancel such Options and grant substitute Options with a lower Option Price than the cancelled Options, without shareholder approval.
- (C) *Term.* Subject to the Committee's authority under Section 3(A) hereof, each Option and SAR and all rights and obligations thereunder shall expire on the date determined by the Committee and specified in the Award Agreement. The Committee shall be under no duty to provide terms of like duration for Options or SARs granted under the Plan. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of ten (10) years from the date such Option was granted.
- (D) *Transfer Restrictions.* Except as otherwise provided in this Section 6(D), no Option shall be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered, hedged or disposed of, in any manner, whether voluntarily or involuntarily, including by operation of law (other than by will or the laws of descent and distribution). The Committee may in its discretion permit the transfer of an Option by a Participant to or for the benefit of the Participant's Immediate Family (including, without limitation, to a trust for the benefit of the Participant's Immediate Family or to a partnership or limited liability company for one or more members of the Participant's Immediate Family), subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Option prior to such transfer. The foregoing right to transfer the Option shall apply to the right to consent to amendments to any Award Agreement evidencing such Option and, in the discretion of the Committee, shall also apply to the right to transfer ancillary rights associated with the Option. For purposes of this paragraph, the term "Immediate Family" shall mean the Participant's spouse, parents, children, stepchildren, adopted relations, sisters, brothers, grandchildren and step-grandchildren.

(E) *Exercise.*

- (i) Each Option and SAR shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter. The Committee shall have full and complete authority to determine whether an Option or SAR will be exercisable in full at any time or from time to time during the term of the Option or SAR, or to provide for the exercise thereof in such installments, upon the occurrence of such events and at such times during the term of the Option or SAR as the Committee may determine.
- (ii) The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal, state or foreign securities laws or the Code, as it may deem necessary or advisable. The exercise of any Option granted hereunder shall be effective only at such time as the sale of Shares pursuant to such exercise will not violate any state or federal securities or other laws, as determined by the Committee in its sole discretion.
- (iii) An Option or SAR may be exercised in whole or in part at any time, with respect to whole Shares only, within the period permitted thereunder for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option or SAR, delivered to the Company at its principal office, and payment in full to the Company at said office of the amount of the Option Price for the number of Shares with respect to which the Option is then being exercised.
- (iv) Payment of the Option Price shall be made in cash or cash equivalents, or, at the discretion of the Committee, (i) by tendering, either by way of actual delivery of Shares or attestation, whole Shares that have been owned by the Option holder for not less than six (6) months, if acquired directly from the Company, or that have been owned for any period of time, if acquired on the open market, prior to the date of exercise, valued at the Fair Market Value of such Shares on the date of exercise, together with any applicable withholding taxes, (ii) by a combination of such cash (or cash equivalents) and such Shares or (iii) by such other method of exercise as may be permitted from time to time by the Committee; provided, however, that the optionee shall not be entitled to tender Shares pursuant to successive, substantially simultaneous exercises of an Option or any other stock option of the Company. Subject to applicable securities laws and at the discretion of the Committee, an Option may also be exercised by delivering a notice of exercise of the Option and simultaneously selling the Shares thereby acquired, pursuant to a brokerage or similar agreement or program approved in advance by the Committee. Until the optionee has been issued the Shares subject to such exercise, he or she shall possess no rights as a shareholder with respect to such Shares and shall not be entitled to any dividend or distribution the record date of which is prior to the date of issuance of such Shares. At the Committee's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Shares, or a combination of cash and Shares. A fractional Share shall not be deliverable upon the exercise of a SAR but a cash payment will be made in lieu thereof.
- (v) Notwithstanding anything in this Plan to the contrary, a Participant shall be required to pay to the Company an amount equal to the spread realized in connection with the Participant's exercise of an Option within six months prior to such Participant's termination of employment by resignation in the event that such Participant, within six months following such Participant's termination of employment by resignation, engages directly or indirectly in any activity determined by the Committee, in its sole discretion, to be competitive with any activity of the Company or any of its Subsidiaries. This subsection (v) shall be void and of no legal effect upon a Change in Control.

SECTION 7—Restricted Stock and Restricted Stock Units

(A) *Grant.*

- (i) Except as provided by Sections 3 and 9 hereof, the Committee shall have sole and complete authority to determine the Participants to whom Restricted Stock and Restricted Stock Units shall be granted, the number of shares of Restricted Stock and/or the number of Restricted Stock Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Restricted Stock and Restricted Stock Units may be forfeited to the Company, and the other terms and conditions of such Awards. The Restricted Stock and Restricted Stock Unit Awards shall be evidenced by Award Agreements in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the terms and conditions provided hereunder and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan.
- (ii) Each Restricted Stock or Restricted Stock Unit Award made under the Plan shall be for such number of Shares as shall be determined by the Committee and set forth in the agreement containing the terms of such Restricted Stock or Restricted Stock Unit Award. Such agreement shall set forth a period of time during which the grantee must remain in the continuous employment of one or more Employers in order for the forfeiture and transfer restrictions to lapse. If the Committee so determines, the restrictions may lapse during such restricted period in installments with respect to specified portions of the Shares covered by the Restricted Stock or Restricted Stock Unit Award. The agreement may also, in the discretion of the Committee, set forth performance or other conditions that, if satisfied, will result in the lapsing of any applicable forfeiture and transfer restrictions. The Committee may, at its discretion, waive all or any part of the restrictions applicable to any or all outstanding Restricted Stock and Restricted Stock Unit Awards.

- (B) *Delivery of Shares and Transfer Restrictions.* The Company may implement the grant of a Restricted Stock Award by (i) book-entry issuance of Shares to the Participant in an account maintained by the Company at its transfer agent or (ii) delivery of certificates for Shares to the Participant who must execute appropriate stock powers in blank and return the certificates and stock powers to the Company. Such certificates and stock powers shall be held by the Company or any custodian appointed by the Company for the account of the grantee subject to the terms and conditions of the Plan, and the certificate shall bear such a legend setting forth the restrictions imposed thereon as the Committee, in its discretion, may determine. Unless otherwise determined by the Committee, the grantee shall have all rights of a shareholder with respect to the shares of Restricted Stock, including the right to receive dividends and the right to vote such Shares, subject to the following restrictions: (i) in the case of certificated Shares, the grantee shall not be entitled to delivery of the stock certificate until the expiration of the restricted period and the fulfillment of any other restrictive conditions set forth in the Award Agreement with respect to such Shares; (ii) none of the Shares may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered, hedged or disposed of, in any manner, whether voluntarily or involuntarily, including by operation of law (other than by will or the laws of descent and distribution) until the expiration of the restricted period and the fulfillment of any other restrictive conditions set forth in the Award Agreement with respect to such Shares; and (iii) except as otherwise determined by the Committee, all of the Shares shall be forfeited and all rights of the grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the grantee remains in the continuous employment of one or more Employers for the entire restricted period in relation to which such Shares were granted and unless any other restrictive conditions relating to the Restricted Stock Award are met. Any Shares, any other securities of the Company and any other property (except for cash dividends) distributed with respect to the Shares subject to Restricted Stock Awards shall be subject to the same restrictions, terms and conditions as such Restricted Stock.

- (C) *Termination of Restrictions.* At the end of the restricted period and provided that any other restrictive conditions of the Restricted Stock Award are met, or at such earlier time as otherwise determined by the Committee, all restrictions set forth in the Award Agreement relating to the Restricted Stock Award or in the Plan shall lapse as to the restricted Shares subject thereto, and, if certificated, a stock certificate for the appropriate number of Shares, free of the restrictions and restricted stock legend imposed thereon by the Committee as described in the second sentence of Subsection (B) of this Section 7, shall be delivered to the Participant or the Participant's beneficiary or estate, as the case may be.
- (D) *Payment of Restricted Stock Units.* Each Restricted Stock Unit shall have a value equal to the Fair Market Value of a Share. Restricted Stock Units shall be paid in cash, Shares, other securities or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. The Committee may, in its sole and absolute discretion, credit Participants with dividend equivalents on any Restricted Stock Units credited to the Participant's account at the time of any payment of dividends to shareholders on Shares. The amount of any such dividend equivalents shall equal the amount that would have been payable to the Participant as a shareholder in respect of a number of Shares equal to the number of Restricted Stock Units then credited to him. Any such dividend equivalents shall be credited to the Participant's account as of the date on which such dividend would have been payable and shall be converted into additional Restricted Stock Units based upon the Fair Market Value of a Share on the date of such crediting. Restricted Stock Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered, hedged or disposed of, in any manner, whether voluntarily or involuntarily, including by operation of law (other than by will or the laws of descent and distribution) until the expiration of the applicable restricted period and the fulfillment of any other restrictive conditions relating to the Restricted Stock Unit Award. Except as otherwise determined by the Committee, all Restricted Stock Units and all rights of the grantee to such Restricted Stock Units shall terminate, without further obligation on the part of the Company, unless the grantee remains in continuous employment of one or more Employers for the entire restricted period in relation to which such Restricted Stock Units were granted and unless any other restrictive conditions relating to the Restricted Stock Unit Award are met.

SECTION 8—Performance Awards

- (A) *Grant.* The Committee shall have sole and complete authority to determine the Participants who shall receive a Performance Award, which shall consist of a right that is (i) denominated in cash and/or Shares, (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine. The Committee may, in its sole and absolute discretion, designate whether any Performance Award being granted to any Participant is intended to be "performance-based compensation" as that term is used in Section 162(m). Any Performance Awards designated by the Committee as "performance-based compensation" shall be subject to the terms and provisions of Section 10 hereof.
- (B) *Terms and Conditions.* Subject to the terms of the Plan, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award, and may change specific provisions of the Performance Award, provided, however, that such change may not adversely affect existing Performance Awards made within a performance period commencing prior to implementation of the change.
- (C) *Payment of Performance Awards.* Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with the procedures established by the Committee, on a deferred basis. If a Participant ceases to be employed by any Employer during a performance period because of death, Disability, Retirement or other circumstance in which the Committee

in its discretion finds that a waiver would be appropriate, that Participant, as determined by the Committee, may be entitled to a payment of a Performance Award, or a portion thereof, at the end of the performance period; provided, however, that the Committee may provide for an earlier payment in settlement of such Performance Award in such amount and under such terms and conditions as the Committee deems appropriate or desirable. Unless otherwise determined by the Committee, Termination of Employment prior to the end of any performance period will result in the forfeiture of the Performance Award, and no payments will be made. A Participant's rights to any Performance Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered, hedged or disposed of in any manner, whether voluntarily or involuntarily, including by operation of law (other than by will or the laws of descent and distribution).

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SECTION 9—Non-Employee Director Awards

The Board may provide that all or a portion of a Non-Employee Director's annual retainer and/or meeting fees, or other forms of compensation, be payable (either automatically or at the election of a Non-Employee Director) in the form of Options, SARs, Restricted Stock or Restricted Stock Units. The Board shall determine the terms and conditions of any such Awards, including the terms and conditions which shall apply upon a termination of the Non-Employee Director's service as a member of the Board, and shall have full power and authority in its discretion to administer such Awards, subject to the terms of the Plan and applicable law.

SECTION 10—Provisions Applicable to Covered Officers and Performance-Based Awards

Notwithstanding anything in the Plan to the contrary, unless the Committee determines otherwise, all performance-based Restricted Stock Awards, Restricted Stock Unit Awards or Performance Awards shall be subject to the terms and provisions of this Section 10.

- (A) Restricted Stock Awards, Restricted Stock Unit Awards and Performance Awards to Covered Officers shall vest or become exercisable upon the attainment of performance targets related to one or more performance goals selected by the Committee from among the goals specified below. For the purposes of this Section 10, performance goals shall be limited to one or a combination of the following Employer, operating unit, division, line of business, department, team or business unit financial performance measures: stock price; dividends; total shareholder return; earnings per share; price/earnings ratio; market capitalization; book value; revenues; expenses; loans; deposits; non-interest income; net interest income; fee income; operating income before or after taxes; net income before or after taxes; net income before securities transactions; net or operating income excluding non-recurring charges; return on assets; return on equity; return on capital; cash flow; credit quality; service quality; market share; customer retention; efficiency ratio; strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals and goals relating to acquisitions or divestitures; and, except in the case of a Covered Officer, any other performance criteria established by the Committee. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company (consolidated or unconsolidated) and/or the past or current performance of other companies, the performance of other companies over one or more years or an index of the performance of other companies, markets or economic metrics over one or more years, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders' equity and/or Shares outstanding, or to assets or net assets.
- (B) The maximum annual number of Shares in respect of which all performance-based Restricted Stock Awards, Restricted Stock Unit Awards and Performance Awards may be granted to a Participant under the Plan is 100,000 and the maximum annual amount of any Awards settled in cash to a Participant under the Plan is \$4,000,000.

- (C) To the extent necessary to comply with Section 162(m), with respect to performance-based Restricted Stock Awards, Restricted Stock Unit Awards and Performance Awards, no later than 90 days following the commencement of each performance period (or such other time as may be required or permitted by Section 162(m)), the Committee shall, in writing, (1) select the performance goal or goals applicable to the performance period, (2) establish the various targets and bonus amounts which may be earned for such performance period, and (3) specify the relationship between performance goals and targets and the amounts to be earned by each Covered Officer for such performance period. Following the completion of each performance period, the Committee shall certify in writing whether the applicable performance targets have been achieved and the amounts, if any, payable to Covered Officers for such performance period. In determining the amount earned by a Covered Officer for a given performance period, subject to any applicable Award Agreement, the Committee shall have the right to reduce (but not increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the performance period.

SECTION 11—Termination of Employment

The Committee shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon a Termination of Employment and shall provide such terms in the Award Agreement. Notwithstanding the foregoing and subject to the limitation contained in the last sentence of Section 6(c) hereof, upon the Termination of Employment as a result of a Workforce Reduction of an Employee who has received an Award of Options, such Options shall expire on the date specified by the Committee at the time of the Termination of Employment, not to exceed five (5) years after the date of such Termination of Employment.

SECTION 12—Change in Control

Upon a Change in Control, all outstanding Awards shall vest, become immediately exercisable or payable or have all restrictions lifted, as the case may be.

SECTION 13—Amendment, Suspension and Termination

- (A) *Termination, Suspension or Amendment of the Plan.* The Board may amend, alter, modify, suspend, discontinue, or terminate the Plan or any portion thereof at any time, except that the Board shall not amend the Plan in violation of law. No such amendment, alteration, modification, suspension, discontinuation or termination shall materially and adversely affect any right acquired by any Participant or beneficiary of a Participant under the terms of an Award granted before the date of such amendment, alteration, modification, suspension, discontinuation or termination, unless such Participant or beneficiary shall consent.
- (B) *Termination, Suspension or Amendment of Awards.* Subject to the restrictions of Section 6(B) hereof, the Committee may waive any conditions or rights under, amend any terms of, or modify, alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, modification, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder, or beneficiary; provided, however, that it shall be conclusively presumed that any adjustment for changes in capitalization as provided in Section 4 hereof does not materially and adversely affect any such rights.
- (C) *Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.* The Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(B) hereof) affecting the Company, any Subsidiary, or the financial statements of the Company

or any Subsidiary, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee is required to make such adjustments pursuant to section 4(B) hereof or whenever the Board, in its sole discretion, determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan; provided that, with respect to Awards intended to comply with Section 162(m), no such adjustment shall be authorized to the extent that such authority would be inconsistent with having either the Plan or any Awards granted hereunder meeting the requirements of Section 162(m).

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SECTION 14—General Provisions

- (A) *Dividend Equivalents.* In the sole and complete discretion of the Committee, an Award (other than an Option) may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis. All dividend or dividend equivalents which are not paid currently may, at the Committee's discretion, accrue interest, be reinvested into additional Shares, or in the case of dividends or dividend equivalents credited in connection with Performance Awards, be credited as additional Performance Awards and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award. The total number of Shares available for Awards under Section 4 hereof shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional Shares or credited as Performance Awards.
- (B) *No Rights to Awards.* No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Employees, Non-Employee Directors, Regional Board Members or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each recipient.
- (C) *Share Certificates.* All certificates for Shares or other securities of the Company or any Subsidiary delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares or other securities are then listed, and any applicable federal, state or foreign laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- (D) *Withholding.* A Participant may be required to pay to an Employer, and each Employer shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant, the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding or other taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.
- (E) *Award Agreements.* Each Award hereunder shall be evidenced by an Award Agreement that shall specify the terms and conditions of the Award and any rules applicable thereto. An Award shall be effective only upon delivery to a Participant, either electronically or by paper means, of an Award Agreement. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail.
- (F) *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options, Restricted Stock, Shares and other types of Awards provided for hereunder.
- (G) *No Right to Employment.* The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of any Employer. Further, an Employer may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

- (H) *No Rights as Shareholder.* Subject to the provisions of the applicable Award, no Participant or holder or beneficiary of any Award shall have any rights as a shareholder with respect to any Shares to be distributed under the Plan until such Shares are issued to such Participant, holder or beneficiary and shall not be entitled to any dividend or distribution the record date of which is prior to the date of such issuance.
- (I) *Governing Law.* The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Tennessee without giving effect to the conflict of law principles thereof.
- (J) *Severability.* If any provision of the Plan or any Award is, or becomes, or is deemed to be, invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.
- (K) *Other Laws.* The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder, or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal or non-U.S. securities laws and any other laws to which such offer, if made, would be subject.
- (L) *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary.
- (M) *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.
- (N) *Headings.* Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
- (O) *Binding Effect.* The terms of the Plan shall be binding upon the Company and its successors and assigns and the Participants and their legal representatives, and shall bind any successor of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations hereunder, in the same manner and to the same extent that the

Company would be required to perform if no such succession had taken place.

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- (P) *No Third Party Beneficiaries.* Except as expressly provided herein or therein, neither the Plan nor any Award Agreement shall confer on any person other than the Company and the grantee of any Award any rights or remedies hereunder or thereunder. The exculpation and indemnification provisions of Section 3(E) shall inure to the benefit of a Covered Person's estate and beneficiaries and legatees.
- (Q) *Additional Transfer Restrictions.* No transfer or an Award by a grantee by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary to establish the validity of the transfer.

SECTION 15—Term of the Plan

- (A) *Effective Date.* The Plan shall be effective as of the date it has been approved by the Company's shareholders (the "Effective Date").
- (B) *Expiration Date.* No new Awards shall be granted under the Plan after the tenth (10th) anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, modify, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the authority for grant of new Awards hereunder has been exhausted.

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**FIRST HORIZON NATIONAL CORPORATION
CORPORATE GOVERNANCE GUIDELINES
(Amended and Restated October 19, 2005)**

I. Introduction

The Board, on the recommendation of its Human Resources Committee (which was acting as the Company's corporate governance committee prior to the establishment by the Board of a separate Nominating and Corporate Governance Committee in January of 2004), has developed and adopted a set of corporate governance principles to provide directors with guidance as to their legal accountabilities, to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions. The Board's role is to oversee management, and it retains the decisive voice on certain major corporate actions. The following principles include existing policies, procedures and practices of the Company, many of which have been in place or evolved over a number of years.

Mission Statement. The Company has adopted the following mission statement:

The Company's vision is to be a premier national financial services company, dedicated to creating the highest levels of value and producing long-term levels of industry-leading profitability and growth.

Core Values. The Company has adopted the following six core values:

- Employees first—We hire, retain and develop the best people, ensuring that every employee has the opportunity to demonstrate high performance and succeed. Also, we'll nurture our Firstpower culture as our competitive advantage.
- Exceptional teamwork—As one enterprise, we exhibit an uncommon ability to work together, based on interdependence and trust.
- Individual accountability—As owners, we take individual responsibility for our overall success.
- Absolute determination—When we identify a goal, we are committed to getting it done. We execute with speed and diligence and take pride in going above and beyond.
- Knowing our customers—We create value and build loyalty by understanding and exceeding the expectations of customers in our target markets.
- Doing the right thing—We have the courage to make decisions and take actions based on personal and professional integrity.

Functions of the Board. Nine functions have been identified as central to the role and function of the Board or its committees. These functions are as follows:

- Oversight of the conduct of the business.
- Selection, evaluation, compensation and succession of Chief Executive Officer and other executive officers, and the periodic review of personnel policies.
- Approval of major corporate plans and strategies, policies, decisions, contracts (including certain acquisitions and divestitures) and other actions legally required of the Board or, in the determination of the Board,

appropriate for its consideration.

- Selection, compensation, and tenure of members of the Board and Board meeting guidelines.
- Establishment of Board committees, their duties and membership.
- Oversight of financial performance and condition.
- Oversight of corporate legal and ethical conduct.
- Requirement of appropriate flow of information from management to the Board for the purpose of keeping Board informed and providing an appropriate basis for decision-making.

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- Performance of such other functions as may be prescribed by law or assigned to the Board under the Charter, Bylaws or other appropriate document.

It is recognized that the role and many of the functions of the Board are evolving and may in the future be altered to reflect changes that occur, such as in the Company's culture, management style, size, industry and applicable legal and regulatory environment.

II. Board Composition

The composition of the Board should balance the following goals:

- A majority of the Board will consist of directors who are “independent” under the listing standards of the New York Stock Exchange, Inc.
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity and contacts relevant to the Company's business.
- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully.

III. Selection of Chairman of the Board and Chief Executive Officer

The Board is free to select its Chairman and the Company's Chief Executive Officer in the manner it considers in the best interests of the Company at any given point in time. These positions may be filled by one individual or by two different individuals. Generally, it has been our practice to consolidate these positions because the Board believes that this facilitates the execution of the Company's strategy.

IV. Selection of Directors

Nominations. The Board is responsible for selecting the nominees for election to the Company's Board of Directors. The Company's Nominating and Corporate Governance Committee is responsible, with input from the Chairman of the Board and the Chief Executive Officer, for recommending to the Board nominees for the class of directors whose term expires at the next annual meeting of the shareholders or one or more nominees to fill vacancies occurring between annual meetings of shareholders. The Nominating and Corporate Governance Committee will discuss and evaluate possible candidates in detail and suggest individuals to explore in more depth. Once a candidate is identified whom the Nominating and Corporate Governance Committee wants to seriously consider and move toward nomination, the Chairman of the Board, the Chief Executive Officer and/or other directors as the Nominating and Corporate Governance Committee determines will enter into a discussion with that nominee. The Nominating and Corporate Governance Committee will consider nominees recommended by shareholders, and any such nominee is given appropriate consideration in the same manner as other nominees. Shareholders who wish to submit nominees for director for consideration by the Nominating and Corporate Governance Committee for election may do so by submitting in writing such nominees' names in compliance with the procedures and along with the other information required by the Company's By-laws, to the Chairperson of the Nominating and Corporate Governance Committee, in care of the Corporate Secretary.

Criteria. The Board should, based on the recommendation of the Nominating and Corporate Governance Committee, select new nominees for the position of independent director considering the following criteria:

- Personal qualities and characteristics, experience, accomplishments and reputation in the business community.
- Current knowledge and contacts in the communities in which the Company does business and in the Company's industry or other industries relevant to the Company's business.

- Diversity of viewpoints, background, experience and other demographics.
- Ability and willingness to commit adequate time to Board and committee matters.

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- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective and responsive to its duties and responsibilities.

The Nominating and Corporate Governance Committee does not set specific, minimum qualifications that nominees must meet in order for the Nominating and Corporate Governance Committee to recommend them to the Board of Directors, but rather believes that each nominee should be evaluated based on his or her individual merits, taking into account the needs of the Company and the composition of the Board of Directors.

Invitation. The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and the Chief Executive Officer of the Company, together with an independent director.

Orientation and Continuing Education. Management, working with the Board, will provide an orientation process for new directors, including background material on the Company, its business plan and its risk profile, and meetings with senior management. Periodically, management should prepare additional materials or educational sessions for the directors on matters relevant to the Company, its business plan and risk profile.

V. Board Tenure

The Board does not believe it should establish term limits, but believes it is important to monitor overall Board performance. A director who would be age 68 or older at the time of election shall not stand for re-election; provided, however, that a director first elected to the Board after attaining age 65 may serve a minimum of two three-year terms. In addition, to maintain a Board of active business and professional persons, directors leaving the occupation or position held at their last election (by retirement or otherwise) will be expected to tender their resignation for consideration at the next regularly scheduled meeting of the Board. A resignation will be accepted unless the Board in its judgment determines that (1) the director has assumed another position in which he or she is actively engaged in directing, managing or providing professional services through or to a public, private, non-profit or educational organization and is maintaining sufficient involvement in other activities that would be important to ensure effective service as a Board member, including financial, technological, operational, civic, corporate governance-related, governmental or educational activities and/or service as a director of one or more other public companies (2) the director is so engaged in a specific project for the Board as to make the resignation detrimental to the Company, or (3) it is beneficial to the Board and in the best interests of the Company for the director to continue for such period of time as the Board deems appropriate.

VI. Board and Committee Meetings

The Board currently plans at least five meetings each year, with further meetings to occur (or action to be taken by unanimous written consent) at the discretion of the Board or Chairman of the Board. The committees have their own meeting schedules appropriate for the accomplishment of the duties assigned to them, which include meetings held on the day before or the day of the Board meeting and at such other times as the committee shall determine.

The agenda for each Board meeting will be developed by the Chairman of the Board in conjunction with the Office of the Corporate Secretary. In addition, at each regularly scheduled Board meeting, the Chairman will solicit agenda items for the upcoming meeting from the directors. Management will seek to provide to all directors an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases it may not be possible.

Materials presented to the Board or its committees should be as concise as possible, while still providing the desired information needed for the directors to make an informed judgment.

VII. Executive Sessions

To ensure free and open discussion and communication among the non-management directors of the Board, the non-management directors will meet in regularly scheduled executive sessions and as

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often as the Board shall request, with no members of management present. In addition, if any non-management directors are not “independent” under NYSE listing standards, the independent, non-management directors will meet in executive session at least once a year. The Chairperson of the Nominating and Corporate Governance Committee will preside at the executive sessions, and his or her name will be disclosed in the Company's annual proxy statement to facilitate communication by employees and shareholders directly with the non-management directors.

VIII. The Committees of the Board

The Company shall have a Credit Policy and Executive Committee and at least the committees required by the rules of the New York Stock Exchange, Inc. Currently, these are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee, each of which must have a written charter satisfying the rules of the New York Stock Exchange, Inc.

All directors, whether members of a committee or not, are invited to make suggestions to a committee chairperson for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chairperson will give a periodic report of committee activities to the Board.

Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall be composed of at least three directors who are not officers or employees of the Company, who the Board has determined are “independent” under the listing standards of the New York Stock Exchange, Inc. The required qualifications for the members of each committee shall be set out in the respective committees' charters. A director may serve on more than one committee for which he or she qualifies. No director may serve on the Audit Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Audit Committee.

IX. Management Succession

At least annually, the Board shall review and concur in a succession plan, developed by management, addressing the policies and principles for selecting a successor to the Chief Executive Officer, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the Chief Executive Officer.

X. Executive Compensation

The Board, acting through the Compensation Committee, evaluates the performance of the Chairman and Chief Executive Officer and the Company against Company strategic and annual goals and the provisions of the incumbent's annual personal plan, and has the sole authority to determine the compensation of the Chairman and Chief Executive Officer, which is based on corporate performance, achievement of personal plan objectives and competitive practices within the banking and financial services industry.

The Board, acting through the Compensation Committee and upon the recommendation of the Chief Executive Officer, evaluates the performance of all other executive officers and approves the compensation of such officers.

XI. Board Compensation

The Board should conduct a review at least once every 3 years of the components and amount of Board compensation in relation to other similarly situated companies. Board compensation should be consistent with market practices but should not be set at a level that would call into question the Board's objectivity. The Nominating and Corporate Governance Committee will make a recommendation to the Board based on the foregoing factors.

XII. Expectations of Directors

The nine functions that are central to the role of the Board, are identified in Section I above. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in good faith and the best interest of the Company. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

Commitment and Attendance. All directors should make every effort to attend every meeting of the Company's shareholders, every meeting of the Board, and every meeting of committees of the Board of which they are members. Members may attend by telephone to mitigate conflicts.

Participation in Meetings. Each director should be sufficiently familiar with the business and strategy of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisers in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

Loyalty and Ethics. In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interests possessed by a director. The Company has adopted a Code of Business Conduct and Ethics, including a compliance program to enforce the Code. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's counsel in the event of any issues.

Other Directorships. The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Non-employee directors should advise the Chairman of the Board and employee directors should advise the Chairperson of the Nominating and Corporate Governance Committee before accepting any new directorship or officer position with an entity not affiliated with the Company. The number of other public company boards upon which any director may serve shall be limited to five or fewer.

Contact with Management. All directors are invited to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for directors to meet with the Chief Executive Officer and other members of management in Board and committee meetings or in other formal or informal settings. The Board encourages management to, from time to time, bring managers into Board meetings who (a) can provide additional insight into items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

Contact with other Constituencies. It is important that the Company speak to employees and outside constituencies with a single voice and that management serve as the primary spokesperson for the Company.

Confidentiality. The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

Stock Ownership Guidelines. To ensure best practice corporate governance and reinforce the Company's commitment to increasing shareholder value, the Board has adopted Stock Ownership Guidelines for directors as well as executive officers. These are posted on the Company's web site at www.fhnc.com.

XIII. Evaluating Board Performance

The Board, with oversight provided by the Nominating and Corporate Governance Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Nominating and Corporate Governance Committee will periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively. Each committee of the Board under the oversight of the Nominating and Corporate Governance Committee should also conduct a self-evaluation at least annually and report the results to the Board. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter, if any.

To facilitate individual director evaluations by the Nominating and Corporate Governance Committee, the Board has adopted a Statement of Expectations of Directors. The Statement of Expectations contains specific activities and conduct each director should engage in or adhere to and is based upon requirements contained in these Guidelines and other criteria. The Statement of Expectations is provided to each new director at the time of orientation and to all directors once a year. Each year, the Nominating and Corporate Governance Committee conducts preliminary and final evaluations against the Statement of Expectations of the performance of each director who is scheduled to stand for reelection by the shareholders prior to determining whether to recommend him or her to the Board for renomination.

XIV. Reliance on Management and Outside Advice

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisers. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisers. In performing their functions, the Committees of the Board may hire consultants to aid in their evaluations, determinations, and recommendations as they deem appropriate.

XV. Shareholder Communication with the Board

Shareholders desiring to communicate with the Board of Directors on matters other than Section IV above should submit their communication in writing to the Chairperson of the Nominating and Corporate Governance Committee, c/o Corporate Secretary, First Horizon National Corporation, 165 Madison Avenue, Memphis, Tennessee 38103 and identify themselves as a shareholder. The Corporate Secretary will forward all such communications to the Chairperson for a determination as to how to proceed.

AUDIT COMMITTEE CHARTER
FIRST HORIZON NATIONAL CORPORATION
(As Amended and Restated January 20, 2004, Effective March 31, 2004)

Establishment and Purposes of the Committee

Acting pursuant to Tennessee Code Annotated Section 48-18-206, Article 11(b)(8) of the Corporation's restated charter, as amended, and Section 3.5 of the Corporation's bylaws, as amended, the Board of Directors of First Horizon National Corporation hereby creates the Audit Committee (the "Committee") of the Board of Directors, which shall: (1) assist the Board of Directors in its oversight of (a) the Corporation's accounting and financial reporting principles and policies and internal audit controls and procedures, (b) the integrity of the Corporation's financial statements, (c) the Corporation's compliance with legal and regulatory requirements, (d) the independent auditor's qualifications and independence, and (e) the performance of the independent auditor and Corporation's internal audit function; and (2) prepare the report to be included in the Corporation's annual proxy statement pursuant to the proxy rules of the Securities and Exchange Commission ("SEC").

The function of the Committee is oversight. Management of the Corporation is responsible for preparation, presentation and integrity of the Corporation's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures to provide for compliance with accounting standards and applicable laws and regulations, and the internal auditor is responsible for testing such internal controls and procedures. The independent auditor is responsible for planning and carrying out a proper audit of the Corporation's annual financial statements, reviews of the Corporation's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures. It is recognized that, in fulfilling their responsibilities hereunder, members of the Committee are not full-time employees of the Corporation and are not, and do not represent themselves to be, performing the functions of accountants or auditors. As such, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (1) the integrity of those persons and organizations within and outside the Corporation from which it receives information, (2) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (3) the representations made by management as to any non-audit services provided by the independent auditor to the Corporation. Further, in fulfilling their responsibilities hereunder, the members of the Committee will incorporate the use of reasonable materiality standards, including the size of the Corporation and the nature, scope and risks of the activities conducted.

The independent auditor for the Corporation is accountable to the Committee as representatives of the shareholders and must report directly to the Committee. The Committee has the authority and responsibility directly to appoint (subject, if applicable, to shareholder ratification), retain, compensate, evaluate and terminate the Corporation's independent auditor and to oversee the work of such independent auditor.

The independent auditor shall submit to the Committee annually a formal written statement (the "Auditor's Statement") describing: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with such issues; and (to assess the independent auditor's independence) all relationships between the independent auditor and the Corporation addressing each non-audit service provided to the Corporation and at least the matters set forth in Independence Standards Board Standard No. 1.

The independent auditor shall submit to the Committee annually a formal written statement of the aggregate fees billed for each of the last two fiscal years for professional services rendered by the independent auditor in the following categories (as defined by the rules of the SEC): audit, audit-related, tax and all other services.

Qualifications of Committee Members

The Committee shall consist of at least three members appointed annually by a majority of the entire Board on the recommendation of the Nominating and Corporate Governance Committee of the Board of Directors, acting in its capacity as the nominating committee. Members shall be directors who meet the independence and experience requirements of the NYSE and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and the rules of the SEC promulgated thereunder. Under these requirements as currently adopted, the Board must determine:

- that each member has no material relationship, either direct or indirect, with the Corporation;
- that each member is financially literate, or shall become financially literate within a reasonable period of time after his or her appointment to the Committee; and
- that at least one of the members has accounting or related financial management expertise, as such requirements are interpreted by the Board of Directors in the exercise of its business judgment. Members may be replaced by the Board.

No director may serve as a member of the Committee if such director serves on the audit committees of more than two other public companies unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to serve effectively on the Committee, and discloses this determination in the Corporation's annual proxy statement. No member of the Committee may be an affiliated person (as such term is defined in SEC Rule 10A-3, including any exceptions or exemptions permitted thereby) of the Corporation or any subsidiary thereof or may receive any compensation from the Corporation other than (i) director's fees, which may be received in cash, stock options or other in-kind consideration ordinarily available to directors; (ii) a pension or other deferred compensation for prior service that is not contingent on future service; and (iii) any other regular benefits that other directors receive; provided, however, that notwithstanding the foregoing, it shall be permissible for Committee members to receive those types of compensation permitted by the rules of the SEC and the NYSE regarding the independence of audit committee members.

Operation of the Committee

Meetings shall be held at least four times yearly, or more frequently if circumstances dictate, and may be called at any time by the Committee Chairperson or by any two members of the Committee upon written or oral notice to a majority of the members of the Committee prior to the meeting. A quorum shall consist of a majority of the members and the vote of a majority of the members present at a meeting at which a quorum is present shall be the act of the Committee. Proceedings of the Committee over the signature of a member in attendance shall be recorded in a minute book and reflect the names of those in attendance. The Chairperson of the Committee, or acting Chairperson of the meeting, will present a report of Committee activities to the full Board of Directors at its next regularly scheduled meeting. The Secretary of the Board will permanently maintain the minutes of Committee meetings. Meetings may be held jointly with a similar committee of First Tennessee Bank National Association ("Bank") if either the members of the Bank's committee and the members of this Committee are identical or all of the members of the Bank's committee would meet the eligibility requirements of the NYSE, Section 10A(m)(3) and the rules of the SEC, including any exceptions permitted thereby. The Committee may, in its discretion, delegate all or a portion of its authority and duties to a subcommittee of the Committee, and may delegate to the Chairperson the authority to grant pre-approvals of audit and permitted non-audit services as provided herein, provided that the decisions of such Chairperson to grant pre-approvals shall be presented to the full Committee at its next regularly scheduled meeting.

The Committee shall have unrestricted access to Corporation personnel and documents. The Committee will be given the resources and authority appropriate to discharge its duties and responsibilities, including (i) the authority to retain and compensate special or independent counsel, accountants or other experts or consultants to advise the Committee, without seeking approval of the Board or management, and (ii) appropriate funding, as determined by the Committee, for payment of compensation to such counsel, accountants or other experts and consultants. The Committee may request any officer or employee of the Corporation or of the Corporation's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. It will be the responsibility of the Committee to maintain free and open means of communication between the directors and management of the Corporation. The Committee shall meet separately periodically with management, the internal auditor, and the independent auditor in separate executive sessions to discuss any matters that the Committee or any of these persons or firms believes should be discussed privately.

Duties and Responsibilities of the Committee

The Committee is hereby delegated full authority with respect to the following matters and such additional matters as may be provided in the bylaws of the Corporation or as the Board of Directors may from time to time by resolution adopted by a majority of the entire Board specify:

1. With respect to the independent auditor,

- a. directly appoint (subject, if applicable, to shareholder ratification), retain, compensate, oversee the work of, evaluate and terminate the independent auditor.
- b. adopt a policy for the Corporation regarding preapproval of all audit and non-audit engagement fees and terms and approve, in advance, all such fees and terms in accordance with such policy.
- c. ensure that the independent auditor prepares and delivers annually an Auditor's Statement (it being understood that the independent auditor is responsible for the accuracy and completeness of this Statement) and consider such Auditor's Statement in assessing the independence of the independent auditor.
- d. ensure that the independent auditor timely reports on all critical accounting policies and practices to be used; all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- e. review and evaluate the qualifications, performance and independence of the lead partner of the independent auditor.
- f. discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner, and any other active audit engagement team partner and consider whether there should be a regular rotation of the audit firm itself.
- g. instruct the independent auditor that the independent auditor is ultimately accountable to the Committee as representatives of the shareholders.

2. With respect to the internal audit department,

- a. make recommendations to the Board concerning the appointment and removal of the Corporation's internal auditor and approve the salary and annual bonus of the internal auditor.

- b. advise the internal auditor that he or she is expected to provide the Committee summaries of and, as appropriate, significant reports to management prepared by the internal audit department and management's responses thereto.
- c. approve the charter of the internal audit department and all significant changes thereto.

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- 3. With respect to financial reporting principles and policies and internal audit controls and procedures,**
- a. advise management, the internal auditor and the independent auditor that each is expected to provide to the Committee a timely analysis of significant financial reporting issues and practices.
 - b. consider any reports or communications (and management's and/or the internal auditor's responses thereto) submitted to the Committee by the independent auditor required by or referred to in SAS 61 (as codified by AU Section 380), as may be modified or supplemented.
 - c. meet with management, the independent auditor and, if appropriate, the internal auditor (i) to discuss the scope of the annual audit; the audited financial statements and quarterly financial statements; any significant matters arising from any audit, including any audit problems or difficulties and management's response thereto; any significant matters arising from changes to the Corporation's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the independent auditor, the internal auditor or management; any major issues regarding accounting principles and financial statement presentations; any major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; the effect, if significant, of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation; (ii) to review the form of opinion the independent auditor proposes to render to the Board of Directors and shareholders; and (iii) to discuss the Corporation's risk assessment and risk management policies and to inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks.
 - d. obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which set forth certain procedures to be followed in any audit of financial statements required under that act.
 - e. review the Corporation's compliance policies and any employee complaints or material reports or inquiries received from regulators or government agencies and management's responses and, with the Corporation's General Counsel, pending and threatened claims that may have a material impact on the financial statements.
 - f. discuss earnings press releases, including the use of "proforma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies; provided, however, that the Committee's responsibility to discuss earnings releases as well as financial information and earnings guidance may be done generally and may be limited to the types of information to be disclosed and the types of presentations to be made.
 - g. establish hiring policies for employees or former employees of the independent auditor.
 - h. review and oversee related party transactions.
 - i. establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and for the confidential anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
 - j. review disclosures made to the Committee by the Corporation's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of

internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.

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4. With respect to reporting and recommendations,

- a. prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the SEC to be included in the Corporation's annual proxy statement.
- b. review this Charter at least annually and recommend any changes to the Board.
- c. report its activities to the full Board of Directors on a regular basis and make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate.
- d. prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

[Reflects 4/20/04 holding company name change.]

**AUDIT AND NON-AUDIT SERVICES
PRE-APPROVAL POLICY
FIRST HORIZON NATIONAL CORPORATION
(As Amended and Restated January 20, 2004)**

I. General Statement of Policy

As required by the Sarbanes-Oxley Act of 2002 and Securities and Exchange Commission rules, the Audit Committee of the Board of Directors of First Horizon National Corporation (the “Company”) is required to pre-approve all audit and non-audit services provided to the Company or any of its subsidiaries, which are to be performed by the registered public accounting firm (the Company’s “Independent Auditor”) that performs the audit of the Company’s consolidated financial statements that are filed with the Securities and Exchange Commission (the “Company’s consolidated financial statements”). Pre-approval is required to provide assurance that such services do not impair the Independent Auditor’s independence from the Company. This policy sets forth the requirements pursuant to which proposed services to be provided by the Independent Auditor will be submitted for pre-approval and the conditions and limitations on the provision of services by the Independent Auditor.

II. Implementation of Policy

A. Pre-approval Process and Limitations

Pre-approval of services to be provided by the Independent Auditor may be obtained in either of two different ways. Services either may be approved in advance by the Audit Committee specifically on a case-by-case basis (“specific pre-approval”) or may be approved in advance (“advance pre-approval”) in the manner specified in the following sentence. Advance pre-approval requires the Audit Committee to identify in advance in an appendix to this policy (the “Appendix”) the specific types of service that may be provided and the fee limits applicable to such types of service, which limits may be expressed as a limit by type of service or by category of services (“type of service”). Unless the type of service to be provided by the Independent Auditor has received advance pre-approval under this policy and the fee for such service is within the limit pre-approved, the service will require specific pre-approval by the Audit Committee. With respect to each proposed pre-approved service (whether a specific pre-approval or an advance pre-approval), the independent auditor will provide detailed back-up documentation, which will be provided to the Audit Committee, regarding the specific services to be provided.

The terms of and fee for the annual audit engagement must receive the specific pre-approval of the Audit Committee.

“Audit,” “Audit-related,” “Tax,” and “All Other” services, as those terms are defined below, have the advance pre-approval of the Audit Committee but only to the extent such services are specified in the Appendix and only in amounts that do not exceed the fee limits specified in such Appendix. Such advance pre-approval shall be for a term of 12 months following the date of pre-approval unless the Audit Committee specifically provides for a different term.

Periodically, the Audit Committee will review and pre-approve the Appendix, which will specify the services, and the fee limits applicable to such services, that may be provided by the Independent Auditor for the fiscal year without obtaining the specific pre-approval of the Audit Committee. Any proposed services exceeding these fee limits will require specific pre-approval by the Audit Committee.

The Audit Committee may determine the appropriate ratio between the total amount of fees for Audit, Audit-related and Tax services and the total amount of fees for services classified as All Other services. Unless the Audit Committee specifically determines otherwise, the aggregate amount of the fees pre-approved for All Other services for the fiscal year must not exceed seventy-five percent (75%) of the aggregate amount of the fees pre-approved for the fiscal year for Audit services, Audit-related services, and those types of Tax services that

represent tax compliance or tax preparation.

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B. “Audit” Services

As provided above, the annual audit engagement terms and fee must be specifically pre-approved by the Audit Committee. The Audit Committee will also pre-approve any changes in terms, conditions and fees resulting from changes in the audit scope, Company structure or other matters.

Audit services include the annual audit of the Company’s consolidated financial statements (including required quarterly reviews), subsidiary audits, equity investment audits and other procedures required to be performed by the Independent Auditor to be able to form an opinion on the Company’s consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control over financial reporting, and consultations relating to the audit or quarterly review. Audit services also include the attestation engagement for the Independent Auditor’s report on management’s report on internal control over financial reporting. Other audit services may include statutory audits or financial audits for subsidiaries or affiliates of the Company and services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings. The Audit Committee has pre-approved the Audit services listed in the Appendix. All other Audit services not listed in the Appendix must be specifically pre-approved by the Audit Committee.

C. “Audit-related” Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company’s consolidated financial statements or that are traditionally performed by the Independent Auditor. Audit-related services include due diligence services pertaining to potential business acquisitions/dispositions, accounting consultations related to accounting, financial reporting or disclosure matters not classified as Audit services, assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities, financial audits of employee benefit plans, agreed-upon or expanded audit procedures relating to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters, and assistance with internal control reporting requirements. The Audit Committee believes that the provision of Audit-related services does not impair the independence of the Independent Auditor. The Audit Committee has pre-approved the Audit-related services listed in the Appendix. All other Audit-related services not listed in the Appendix must be specifically pre-approved by the Audit Committee.

D. “Tax” Services

The Audit Committee believes that the Independent Auditor can provide Tax services to the Company such as tax preparation and compliance services (including preparation and review of tax returns, including research necessary to reflect events and transactions in the returns; advice and assistance with respect to tax audits; and analysis of law or rule changes and proposed changes) and tax planning services (advice and planning other than preparation and compliance services) without impairing the auditor’s independence, and the Securities and Exchange Commission (“SEC”) has stated that the Independent Auditor may provide such services. Thus, the Audit Committee believes it may grant advance pre-approval to those Tax services that the Audit Committee believes would not impair the independence of the auditor, and that are consistent with the SEC’s rules on auditor independence. The Audit Committee will not permit the retention of the Independent Auditor in connection with a transaction initially recommended by the Independent Auditor, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee will consult with the Company’s Manager of Corporate Tax to determine that the tax planning and reporting positions are consistent with this policy.

Pursuant to the preceding paragraph, the Audit Committee has pre-approved the Tax services in the Appendix. All Tax services involving large and complex transactions and therefore not listed in the Appendix must be specifically pre-approved by the Audit Committee. Tax services proposed to be provided by the Independent Auditor

to any executive officer or director of the Company, in his or her individual capacity, where such services are paid for by the Company require specific pre-approval by the Audit Committee. It is a permitted exception to the foregoing sentence that Tax services proposed

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to be provided by the Independent Auditor to an executive officer may be approved in advance and included in the Appendix under All Other Services provided the amounts paid by the Company and the individual do not exceed two hundred fifty thousand dollars (\$250,000) in the aggregate for all executive officers.

E. “All Other” Services

All Other services consist of any services that are not Audit, Audit-related or Tax services and are not prohibited from being provided by the Independent Auditor by law or this policy. The Audit Committee may grant advance pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services and would not impair the independence of the Independent Auditor. The Audit Committee has pre-approved the All Other services listed in the Appendix. Permissible All Other services not listed in the Appendix must be specifically pre-approved by the Audit Committee.

The following non-audit services are prohibited from being provided by the Independent Auditor:

- Bookkeeping or other services related to the accounting records or financial statements of the Company
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources
- Broker-dealer, investment adviser or investment banking services
- Legal services
- Expert services unrelated to the audit

The Company’s Chief Accounting Officer (the “CAO”) shall consult SEC rules and relevant guidance to determine whether any proposed All Other service falls within a prohibited non-audit service under the SEC’s rules and any exceptions that might apply to the prohibition.

III. Delegation of Authority

All requests to provide services to the Company or any of its subsidiaries that require specific pre-approval by the Audit Committee must be submitted to the CAO in advance of the provision of any such services by the Independent Auditor. The CAO shall receive all such requests, confirm with the Independent Auditor whether it believes that such services will not affect its independence, and present a joint statement with the Independent Auditor as to any recommended requests to the Audit Committee for pre-approval. All requests to provide services that have been pre-approved in advance must be submitted to the CAO prior to the provision of such services for a determination that the service to be provided is of the type and within the fee limit that has been pre-approved. In addition, on a quarterly basis the Company’s Internal Auditor will report to the Audit Committee on the services provided by and the fees paid to the Independent Auditor during the prior quarter.

Notwithstanding anything herein to the contrary, the authority granted herein to the Audit Committee to pre-approve services, other than the annual audit engagement and any changes thereto, to be provided by the Independent Auditor is delegated to the Chairperson of the Audit Committee. The Chairperson may not, however, under delegated authority make a determination that causes the ratio of fees pre-approved for All Other services to the aggregate amount of fees pre-approved for Audit, Audit-related and tax compliance and tax preparation services to exceed the ratio established or set forth in Section II. A. Any service pre-approved by the Chairperson of the Audit Committee will be reported to the Audit Committee at its next regularly scheduled meeting.

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The Internal Auditor is directed to monitor the services provided by the Independent Auditor for the purpose of determining whether such services are in compliance with this policy, and report to the Audit Committee periodically on the results of such monitoring.

The Audit Committee does not delegate any of its responsibility to pre-approve services to be performed by the Independent Auditor to management.

[Reflects 4/20/04 holding company name change.]

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NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER
FIRST HORIZON NATIONAL CORPORATION
(Adopted January 20, 2004)

Acting pursuant to Tennessee Code Annotated Section 48-18-206, Article 11(b)(8) of the Corporation's restated charter, as amended, and Article III(6) of the Corporation's bylaws, as amended, the Board of Directors of First Horizon National Corporation hereby creates the Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors, which shall serve as a nominating committee and as a corporate governance committee for the Corporation, with such specific authority as is herein provided.

Purposes of the Committee

The purposes of the Committee are (1) to identify and recommend to the Board individuals for nomination as members of the Board and its committees, (2) to develop and recommend to the Board a set of corporate governance principles applicable to the Corporation, and (3) to oversee the evaluation of the Board and management.

Qualifications of Committee Members

The Committee shall be appointed annually by a majority of the entire Board, upon recommendation of the Committee, and shall consist of at least three members of the Board, each of whom is "independent" under the rules of the New York Stock Exchange ("NYSE"). Members of the Committee may be replaced by the Board.

Operation of the Committee

Meetings shall be held at least two times yearly and may be called at any time by the Committee Chairperson or by any two members of the Committee upon written or oral notice to a majority of the Committee prior to the meeting. A quorum shall consist of a majority of the members, and the vote of the majority of the members present at a meeting at which a quorum is present shall be the act of the Committee. Proceedings of the Committee over the signature of a member in attendance shall be recorded in a minute book and reflect the names of those in attendance. The Chairperson of the Committee, or acting Chairperson of the meeting, will present a report of the Committee activities to the full Board of Directors at its next regularly scheduled meeting. The Secretary of the Board will permanently maintain the minutes of Committee meetings. Meetings may be held jointly with a similar committee of First Tennessee Bank National Association ("Bank") if either the members of the Bank's committee and the members of this Committee are identical or all of the members of the Bank's committee meet the independence requirements of the NYSE. The Committee may invite to its meetings such members of management as it may deem desirable or appropriate. It will be the responsibility of the Committee to maintain free and open means of communication between the directors and management of the Corporation.

The Committee shall have unrestricted access to Corporation personnel and documents and shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. The Committee shall have the authority to retain (i) compensation consultants to assist in the evaluation of director compensation and (ii) consultants or search firms used to identify director candidates, including authority to approve the fees and other retention terms. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Duties and Responsibilities of the Committee

The Committee is hereby delegated full authority with respect to the following matters and such additional matters as may be provided in the bylaws of the Corporation or as the Board of Directors may from time to time by resolution adopted by a majority of the entire Board specify:

1. With respect to the nominating function,

- a. To consider recommendations to the Board from time to time as to changes that the Committee believes to be desirable to the size of the Board or any committee thereof;
- b. To identify individuals believed to be qualified to become Board members, and to recommend to the Board the individuals to stand for election or reelection as directors. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by shareholders and (for a vacancy created by an increase in the size of the Board) shall recommend to the Board the class of directors in which the individual should serve. In nominating candidates, the Committee shall take into consideration such factors as it deems appropriate. These factors may include:
 - personal qualities and characteristics, experience, accomplishments and reputation in the business community;
 - current knowledge and contacts in the communities in which the Corporation does business and in the Corporation's industry or other industries relevant to the Corporation's business;
 - diversity of viewpoints, background, experience and other demographics;
 - ability and willingness to commit adequate time to Board and committee matters; and
 - the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective and responsive to its duties and responsibilities and the needs of the Corporation.

The Committee may consider candidates proposed by management, but is not required to do so;

- c. To develop and recommend to the Board, in connection with its assessment of director independence, guidelines to be applied in making determinations as to the absence of material relationships between the Corporation and a director;
- d. To identify Board members qualified to fill vacancies on any committee of the Board (including the Committee) and to recommend that the Board appoint the identified member or members to the respective committee. In nominating a candidate for committee membership, the Committee shall take into consideration the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members;
- e. To make recommendations to the Board concerning compensation for directors; and
- f. To review, monitor and make recommendations to the Board or management, as appropriate, with respect to any communications directed to the Corporation or one or more of the directors relating to performance,

nomination or removal of directors.

2. With respect to corporate governance and other matters,

- a. To exercise oversight of the evaluation of the Board and management;
 - b. To develop and recommend to the Board a set of corporate governance principles applicable to the Corporation, to review and reassess those principles at least once a year, and recommend any proposed changes to the Board for approval; and
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- c. To prepare and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend to the Board any improvements to the Committee's Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The Report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

[Reflects 4/20/04 holding company name change.]

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COMPENSATION COMMITTEE CHARTER
FIRST HORIZON NATIONAL CORPORATION
(As Amended and Restated January 20, 2004)

Acting pursuant to Tennessee Code Annotated Section 48-18-206, Article 11(b)(8) of the Corporation's restated charter, as amended, and Article III(6) of the Corporation's bylaws, as amended, the Board of Directors of First Horizon National Corporation hereby creates the Compensation Committee (the "Committee") of the Board of Directors, which shall serve as a compensation committee for the Corporation, with such specific authority as is herein provided. This Committee was known prior to January 20, 2004 as the Human Resources Committee, and all references to the Human Resources Committee in any of the plans named in Section 7 herein shall be understood to refer to this Committee.

Purposes of the Committee

The purposes of the Committee are (1) to discharge the Board's responsibilities relating to the compensation of the Corporation's executive officers, (2) to produce an annual report on executive compensation for inclusion in the Corporation's proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"), (3) to identify and recommend to the Board individuals for appointment as officers, (4) to evaluate the Corporation's management, and (5) to carry out certain other duties set forth herein.

Qualifications of Committee Members

The Committee shall be appointed annually by a majority of the entire Board, upon recommendation of the Committee, and shall consist of at least three members of the Board, each of whom is "independent" under the rules of the New York Stock Exchange ("NYSE"). In addition, at least two members of the Committee must be directors of the Corporation who are "outside directors" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and at least two members of the Committee must be directors of the Corporation who are "non-employee directors" for purposes of Section 16 of the Securities Exchange Act of 1934. Only members who meet the Section 162(m) test may participate in decisions required to be made by "outside directors" under Section 162(m), and any other member of the Committee must recuse himself or herself with respect to those issues. Only members who meet the Section 16 test may participate in decisions required to be made by "non-employee directors" under Section 16, and any other member of the Committee must recuse himself or herself with respect to those issues. If a quorum of the Committee is present in accordance with the requirements of the "Operation of the Committee" section of this charter, then the action taken by at least two "outside directors" (with respect to matters required to be acted upon by "outside directors") and the action taken by at least two "non-employee directors" (with respect to matters required to be acted upon by "non-employee directors") each shall be the valid action of this Committee and is fully authorized by the Board of Directors, as long as such action is taken by a majority of the "outside directors" or a majority of the "non-employee directors," as applicable. Members of the Committee may be replaced by the Board.

Operation of the Committee

Meetings shall be held at least four times yearly and may be called at any time by the Committee Chairperson or by any two members of the Committee upon written or oral notice to a majority of the Committee prior to the meeting. A quorum shall consist of a majority of the members, and the vote of the majority of the members present at a meeting at which a quorum is present shall be the act of the Committee. Proceedings of the Committee over the signature of a member in attendance shall be recorded in a minute book and reflect the names of those in attendance. The Chairperson of the Committee, or acting Chairperson of the meeting, will present a report of the Committee activities to the full Board of Directors at its next regularly scheduled meeting. The Secretary of the Board will permanently maintain the minutes of Committee meetings. Meetings may be held jointly with a similar

committee of First Tennessee Bank National Association (“Bank”) if either the members of the Bank’s committee and the members of this Committee are identical or all of the members of the Bank’s committee meet the independence requirements of the NYSE. The Committee may invite to its meetings such members of management as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of compensation discussions. The Corporation’s Chief Executive Officer (“CEO”) should not attend the portion of any meeting where the CEO’s performance or compensation are discussed, unless specifically invited by the Committee. It will be the responsibility of the Committee to maintain free and open means of communication between the directors and management of the Corporation.

The Committee shall have unrestricted access to Corporation personnel and documents and shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. The Committee shall have the authority to retain compensation consultants to assist in the evaluation of CEO or senior executive officer compensation, including authority to approve the fees and other retention terms. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Duties and Responsibilities of the Committee

The Committee is hereby delegated full authority with respect to the following matters and such additional matters as may be provided in the bylaws of the Corporation or as the Board of Directors may from time to time by resolution adopted by a majority of the entire Board specify:

1. To recommend to the Board major corporate policies and objectives with respect to the Corporation’s compensation and management of its human resources.
2. To make regular reports to the Board and to provide a periodic review, evaluation and reporting link between management and the Board with respect to the Corporation’s compensation and management of its human resources.
3. To review periodically management’s human resources policies, guidelines, procedures, and practices for conformity with corporate objectives and policies concerning the Corporation’s compensation and management of its human resources, including a periodic review of compensation structures for non-executive officers.
4. To review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and set the CEO’s compensation level based on this evaluation.
5. To fix the compensation, including bonus and other compensation and any severance or similar termination payments, of executive officers.
6. To make recommendations to the Board concerning the adoption or amendment of employee benefit plans, management compensation plans, incentive compensation plans and equity-based plans, including plans applicable to executive officers.
7. To serve as the Committee required:
 - a. by the terms of the 1992 Restricted Stock Incentive Plan;
 - b.

by the terms of the 1984 and 1990 Stock Option Plans and the 1995, 1997 and 2000 Employee Stock Option Plans;

- c. by terms of the Directors & Executives Deferred Compensation Plan;
- d. to resolve questions of interpretation arising under the Non-Employee Directors' Deferred Compensation Stock Option Plan and the 2000 Non-Employee Directors' Deferred Compensation Stock Option Plan;
- e. by the terms of the 2002 Management Incentive Plan;
- f. to review the appropriateness of the issuance of Corporation common stock under the terms of the Savings Plan as required by resolutions of the Board as adopted from time to time;

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- g. to designate those eligible to participate in the Pension Restoration Plan and Survivor Benefit Plan;
 - h. by the terms of the 2002 Bank Director and Advisory Board Member Deferral Plan, the Bank Director and Advisory Board Member Deferral Plan and the Bank Advisory Director Deferral Plan;
 - i. by the terms of the 2003 Equity Compensation Plan; and
 - j. by the terms of the First Horizon National Corporation Nonqualified Deferred Compensation Plan and the First Horizon Nonqualified Deferred Compensation Plan.
8. In consultation with management, to oversee regulatory compliance with respect to compensation matters, including (a) overseeing the Corporation's policies on structuring compensation programs to maximize tax deductibility while retaining the discretion deemed necessary to compensate executive officers in a manner commensurate with performance and the competitive market for executive talent, and (b) as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
 9. To produce annually a Report of the Compensation Committee for inclusion in the Corporation's proxy statement in accordance with applicable SEC rules and regulations.
 10. To make recommendations to the Board concerning the creation of corporate offices and the defining of authority and responsibility of such offices and concerning nominees to fill such offices.
 11. To make recommendations to the Board regarding the appointment of incumbent officers, including consideration of their performance in determining whether to nominate them for reelection, and to review succession plans for executive officers, including the CEO.
 12. To review, monitor and make recommendations to the Board or management, as appropriate, with respect to any communications directed to the Corporation or one or more of the directors relating to performance, nomination or removal of officers.
 13. During the period of time between the annual appointment of officers by the Board at its organizational meeting following the annual meeting of shareholders, to create corporate offices and define the authority and responsibility of such offices, except to the extent such authority or responsibility would not be consistent with the law, the charter or the bylaws, to appoint persons to any office of the Corporation except Chairman of the Board, Chief Executive Officer, President, Auditor, and any office the incumbent in which is designated by the Board as an Executive Officer, and to remove from office any person that was, or could have been, so appointed by the Committee.
 14. To evaluate the Corporation's management.
 15. To prepare and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall also recommend to the Board any improvements to the Committee's Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.
 16. To serve as the committee required by the Bylaws and resolutions of the Corporation to be responsible for and with authority to make and record all requests of directors, officers and employees of the Corporation,

or any of its subsidiaries, to serve other business entities at the Corporation's request and to be indemnified against liability arising from such service.

17. To review compliance with the Management Interlocks Acts and approve indemnification for officers and directors.

[Reflects 4/20/04 holding company name change.]

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ANNUAL MEETING

**April 18, 2006
11 a.m. Central time**

**FIRST TENNESSEE BUILDING
M-Level Auditorium
165 Madison Avenue
Memphis, TN 38103**

If you consented to access your proxy information electronically,
you may view it by going to the following Web site on the Internet:
<http://www.FHNC.com>

If you would like to access the proxy materials electronically next year,
you may do so by giving your consent at the following Web site:
<http://www.econsent.com/fhn/>

PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned appoints George P. Lewis and Lewis R. Donelson, or any one or more of them with full power of substitution, as proxy or proxies, to represent and vote all shares of stock standing in my name on the books of the corporation at the close of business on February 24, 2006, which I would be entitled to vote if personally present at the annual meeting of shareholders of First Horizon National Corporation to be held in the auditorium, First Tennessee Building, 165 Madison Avenue, Memphis, Tennessee, on April 18, 2006, at 11 a.m. Central time or any adjournments thereof, upon the matters set forth in the notice of said meeting as stated on the reverse side. The proxies are further authorized to vote in their discretion as to any other matters which may come before the meeting. The board of directors, at the time of preparation of the proxy statement, knows of no business to come before the meeting other than that referred to in the proxy statement.

THE SHARES COVERED BY THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE AUTOMATED TELEPHONE VOTING INSTRUCTIONS, THE INTERNET VOTING INSTRUCTIONS, OR THE INSTRUCTIONS GIVEN ON THE REVERSE SIDE AND WHEN NO INSTRUCTIONS ARE GIVEN WILL BE VOTED FOR PROPOSALS 1, 2 AND 3, WHICH ARE DESCRIBED IN THE ACCOMPANYING NOTICE OF ANNUAL MEETING AND PROXY STATEMENT AND ON THE REVERSE SIDE OF THIS PROXY.

YOU CAN VOTE YOUR PROXY BY TELEPHONE, OVER THE INTERNET, OR BY SIGNING AND RETURNING THIS CARD ON THE REVERSE SIDE.

(Continued and see voting instructions on reverse side.)

There are three ways to vote your proxy:

Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

VOTE BY PHONE TOLL FREE 1-800-560-1965 QUICK AND EASY IMMEDIATE

Use any touch-tone telephone to vote your proxy 24 hours a day, seven days a week, until 12 p.m. (Central time) on April 17, 2006. Please have your proxy card and the last four digits of your social security number or tax identification number available. Follow the simple instructions the voice provides you.

VOTE BY INTERNET <http://www.eproxy.com/fhn/> QUICK AND EASY IMMEDIATE

Use the Internet to vote your proxy 24 hours a day, seven days a week, until 12 p.m. (Central time) on April 17, 2006. Please have your proxy card and the last four digits of your social security number or tax identification number available. Follow the simple instructions to obtain your records and create an electronic ballot.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we've provided or return it to First Horizon National Corporation, c/o Shareowner Services SM, P.O. Box 64873, St. Paul, MN 55164-0873.

x Please mark votes as in this example.

If you vote by phone or Internet, please do not mail your proxy card.

ò Please detach here ò

The board of directors unanimously recommends a vote FOR items 1, 2 and 3.

1. Election of four Class I directors to serve until the 2009 Annual Meeting of Shareholders and one Class III director to serve until the 2008 Annual Meeting of Shareholders.

Class I Nominees:	(01) R. Brad Martin	(03) William B. Sansom	<input type="radio"/>	Vote FOR	<input type="radio"/>	Vote WITHHELD
	(02) Vicki R. Palmer	(04) Jonathan P. Ward		all		from all nominees
				nominees		
Class III Nominee:	(05) Colin V. Reed					

(Instructions: To withhold authority to vote for any nominee(s), write the number(s) of the nominee(s) in the box to the right.

- | | | | | | | |
|--|-----------------------|-----|-----------------------|---------|-----------------------|---------|
| 2. Approval of FHNC's 2003 Equity Compensation Plan, as amended. | <input type="radio"/> | For | <input type="radio"/> | Against | <input type="radio"/> | Abstain |
| 3. Ratification of appointment of KPMG LLP as auditors. | <input type="radio"/> | For | <input type="radio"/> | Against | <input type="radio"/> | Abstain |

THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF NOTICE OF SAID MEETING AND THE RELATED PROXY STATEMENT.

Address Change? Mark Box Indicate changes below:

Date _____
2006

Signature(s) in Box
Shareholders sign here exactly as shown on the imprint on this card. When signing as Attorney,

Executor, Administrator, Trustee or Guardian,
please give full name. If more than one Trustee, all
should sign. All Joint Owners should sign.
