FIRST HORIZON NATIONAL CORP
Form PRE 14A
February 15, 2008

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

Filed by the Registrant [X]
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Check the appropriate box:
[X] Preliminary Proxy Statement
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[ ] Definitive Proxy Statement
[ ] Definitive Additional Materials
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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):

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(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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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.

(3) Filing Party:

(4) Date Filed:

March , 2008

Dear Shareholders:

You are cordially invited to attend First Horizon National Corporation s 2008 annual meeting of shareholders. We will hold the meeting on April 15, 2008, in the Auditorium, First Tennessee Building, 165 Madison Avenue, Memphis, Tennessee, at 10:00 a.m. local time. We have attached the formal notice of the annual meeting, our 2008 proxy statement, and a form of proxy.

At the meeting, we will ask you to elect four Class III directors and one Class II director, to approve amendments to our Amended and Restated Charter to provide for declassification of our Board of Directors, to approve amendments to our Amended and Restated Charter and Amended and Restated Bylaws to eliminate the requirement of a supermajority vote for certain amendments to the Amended and Restated Charter and Amended and Restated Bylaws, and to ratify the appointment of KPMG LLP as our independent auditors for 2008. 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 2007, 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,

MICHAEL D. ROSE
Chairman of the Board

FIRST HORIZON NATIONAL CORPORATION
165 Madison Avenue
Memphis, Tennessee 38103

NOTICE OF ANNUAL SHAREHOLDERS MEETING
April 15, 2008

The annual meeting of shareholders of First Horizon National Corporation will be held on April 15, 2008, at 10:00 a.m. local time in the Auditorium, First Tennessee Building, 165 Madison Avenue, Memphis, Tennessee.

The items of business are:

(1) Election of four Class III directors to serve until the 2011 annual meeting of shareholders and one Class II director to serve until the 2010 annual meeting of shareholders or, in both cases, until their successors are duly elected and qualified.

(2) Approval of amendments to our Amended and Restated Charter to provide for declassification of our Board of Directors.

(3) Approval of amendments to our Amended and Restated Charter and Amended and Restated

Bylaws to eliminate the requirement of a supermajority vote for certain amendments to the Amended and Restated Charter and Amended and Restated Bylaws.

(4) 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 22, 2008 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 , 2008

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
TABLE OF CONTENTS

	Page
General Matters	1
Corporate Governance and Board Matters	3
Introduction	3
Independence and Categorical Standards	4
Composition of Board Committees	6
The Credit Policy & Executive Committee	6
The Audit Committee	7
In General	7
Audit Committee Financial Expert	7
Audit Committee Report	8
The Nominating & Corporate Governance Committee	9
In General	9
Nominations of Directors	9
Shareholder Recommendations of Director Nominees	10
Processes and Procedures Regarding Director Compensation	10
The Compensation Committee	10
In General	10
Processes and Procedures Regarding Executive and Director Compensation	11
Compensation Committee Report	12
Compensation Committee Interlocks and Insider Participation	12
Board and Committee Meeting Attendance	12
Executive Sessions	13
Communication with Board of Directors	13
Procedures for the Approval, Monitoring, and Ratification of Related Party Transactions	13
Transactions with Related Persons	14
Stock Ownership Information	15
Stock Ownership Table	15
Vote Item No. 1 Election of Directors	16
Nominees for Director	17
Continuing Directors	17
Vote Item No. 2 Approval of Amendments to Our Charter to Provide for Declassification of Our Board of Directors and Annual Election of Directors	18
Vote Item No. 3 Approval of Amendments to Our Charter and Bylaws to Eliminate the Requirement of a Supermajority Vote for Certain Amendments to the Charter and Bylaws	19
Vote Item No. 4 Ratification of Appointment of Auditors	19
Other Matters	20

Shareholder Proposal and Nomination Deadlines	20
Executive Compensation	22
Compensation Discussion and Analysis	22
Summary Compensation Table	42
Grants of Plan-Based Awards	46
Outstanding Equity Awards at Fiscal Year-End	50
Option Exercises and Stock Vested	53
Pension Benefits	55
Nonqualified Defined Contribution and Other Deferred Compensation Plans	56
Employment Contracts, Termination of Employment and Change in Control Arrangements, and Benefits under Them	57
Director Compensation	63
Section 16(a) Beneficial Ownership Reporting Compliance	72
Availability of Annual Report on Form 10-K	72

	Page
APPENDICES	
A Article 12 of First Horizon s Charter	A-1
B Section 10.5 of First Horizon s Bylaws	B-1
C Corporate Governance Guidelines	C-1
D Categorical Standards	D-1
E Audit Committee Charter and Audit and Non-Audit Services Pre-Approval Policy	E-1
F Nominating & Corporate Governance Committee Charter	F-1
G Compensation Committee Charter	G-1

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 , 2008. The Board of Directors is soliciting proxies to be used at our annual meeting of shareholders to be held on April 15, 2008, at 10:00 a.m. local time 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, 3 and 4 below:**

1. Election of four Class III directors to serve until the 2011 annual meeting of shareholders and one Class II director to serve until the 2010 annual meeting of shareholders, or in both cases until their successors are duly elected and qualified.

2. Approval of amendments to our Amended and Restated Charter (Charter) to provide for declassification of our Board of

Directors.

3. Approval of amendments to our Charter and Amended and Restated Bylaws (Bylaws) to eliminate the requirement of a supermajority vote for certain amendments to the Charter and Bylaws.

4. Ratification of the appointment of auditors.

First Horizon recommends that you vote in favor of each of the items listed above. 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 $10,000 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 shares of common stock outstanding and entitled to vote as of February 22, 2008, 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; however, see the section entitled Corporate Governance and Board Matters Introduction beginning on page 3 for information on the consequences of receiving a majority withheld vote in an uncontested election under our director resignation policy. A vote of at least eighty percent of the voting power of all outstanding voting stock is required to approve the amendments to our Charter and Bylaws. A majority of the votes cast is required 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, prior to 2006 each family member received multiple copies of the annual report, proxy statement, and other mailings. Duplicate mailings in most cases are an unnecessary expenditure for us and inconvenient for you. We have taken steps to reduce them, and we encourage you to eliminate them whenever you can.

Currently, 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. That request must be made by each person in the household who desires a separate copy. 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. 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 2007 annual report and if you desire your own separate copies for the 2008 annual meeting, you may pick up copies in person at the meeting in April or download them from our website, www.fhnc.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 2008 annual meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 15, 2008.

This proxy statement is available at http://ir.fhnc.com/annuals.cfm.

The following additional materials will also be available at the web site listed above:

Annual Report to Shareholders

Proxy Card

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 incorporate 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 C and are also available on our website 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 website 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 website, 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 website. We have also adopted a policy on First Horizon s Compliance and Ethics Program that highlights our 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.

The Board of Directors made several enhancements to First Horizon s corporate governance policies and practices during 2007 and early 2008. The Board formalized the role of the Chairperson of the Nominating & Corporate Governance Committee as the Company s lead director and added a new section to the Corporate Governance Guidelines describing in detail the duties of the lead director, some of which are additions or modifications to duties previously held by the Chairperson under that committee s charter. The Board also adopted an incentive compensation recoupment policy under which, in all appropriate cases, the Company will seek reimbursement of a portion of any incentive compensation paid or awarded to any executive officer for performance periods beginning on or after January 1, 2008 where: a) the payment or award was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, b) the Board or an appropriate committee thereof concludes in good faith that the executive officer engaged in fraud or intentional misconduct that was a material cause of the need for the restatement, and c) a lower payment or award would have been made to the executive officer based upon the restated financial results. The recoupment policy is now included in the Corporate Governance Guidelines. The Guidelines were also revised to decrease the number of other public company boards upon which our directors may serve from five to four. In addition, as part of its overall Board-approved director education program, First Horizon conducted a series of on-site programs for directors on various topics. The Board revised the process it uses for the conduct of the annual Board and committee self-evaluations to include one-on-one interviews by the lead director with each director. Finally, as described in vote items 2 and 3 below, we are now proposing for shareholder approval amendments to our Charter to provide for declassification of our Board and annual election of directors, and to our Charter and Bylaws to eliminate the requirement of a supermajority vote for certain amendments to the Charter and Bylaws.

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 twelve 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 & Corporate Governance Committee, which are described in more detail beginning on page 6.

Independence and Categorical Standards

Independence. 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 & 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 & Corporate Governance Committee, has adopted the categorical standards set forth below. In making its independence determinations, each of the Board and the Nominating & Corporate Governance Committee considered the 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 & Corporate Governance Committee, determined that nine out of ten of the current non-employee directors (Dr. Blattberg and Messrs. Carter, Cooper, Haslam, Martin, Reed, and Yancy and Mesdames Palmer and Sammons) are independent under the NYSE listing standards. Upon the recommendation of the Nominating & 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% threshold set forth in the NYSE 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 categorical standards established by the Board (as revised to date) are set forth below, are attached to this proxy statement at Appendix D and are also available on our website at www.fhnc.com under the Corporate Governance heading in the Investor Relations area.

With respect to each director who is identified above as independent under the NYSE listing standards, the Board considered the following types or categories of transactions, relationships or arrangements in determining the director s independence under the NYSE standards and our categorical standards.

Provision by the Corporation or its subsidiaries, 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, of the following

banking and financial services and services incidental thereto to directors, their immediate family members and/or to entities with which directors or their immediate family members are affiliated: deposit accounts; cash management services; loans (including mortgage loans), letters of credit, credit cards and other lines of credit; interest rate swaps; investment management; broker/dealer services; trust services; insurance brokerage; safe deposit boxes; provision of surety bonds; pay card services; currency exchange; and foreign check collections.

Provision by an entity affiliated with a director or his or her immediate family member, 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, of the following products and services to the Corporation or its subsidiaries: package delivery services; food service; beverages; fuel for business travel by employees of the Corporation; hotel lodging for business travel by employees of the Corporation; venues for holding seminars and corporate functions; and sponsorship of

seminars attended by Corporation employees.

Charitable contributions by the Corporation, its subsidiaries or the First Horizon Foundation to charitable organizations with which a director or immediate family member is affiliated.

Employment by the Corporation in a non-executive position of an immediate family member of a director.

Categorical Standards. 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. Vendor or other business relationships (excluding banking and financial services relationships and extensions of credit covered by paragraph 1 or 2 above), 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.

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

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 & Corporate Governance Committee are each composed of directors who are independent, as defined in the previous section. The membership of each of the Board s standing committees, currently and during 2007, is set forth in the table below.

Name of Director	Credit Policy & Executive Committee	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Gerald L. Baker*	(X) (4-9-07)			
Robert C. Blattberg			X	C
Robert B. Carter		X		X
Simon F. Cooper		X		
J. Kenneth Glass**	(C) (1-29-07)			
James A. Haslam, III			X	
R. Brad Martin	X		C	
Vicki R. Palmer		C		
Colin V. Reed		X		X
Michael D. Rose	C			(X) (1-29-07)
Mary F. Sammons		(X) (1-16-07)	X	X
William B. Sansom	X			
Jonathan P. Ward***			(X) (1-16-07)	(X) (1-16-07)
Luke Yancy III****		X		

X = Committee member.
C = Committee chairperson.

(C) = Served as the committee chairperson during 2007 but is no longer serving as chairperson or as a member of such committee. Date in parentheses indicates when service as chairperson and a member of such committee ended.

(X) = Served as a committee member during 2007 but is no longer serving on such committee. Date in parentheses indicates when service on such committee ended.

* Elected as a director on January 29, 2007.

** Retired as a director on April 17, 2007.

*** Ceased serving as a director on January 16, 2007.

**** 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. As a credit policy committee, the Committee monitors the quality, liquidity, and concentrations of credit extended by First Horizon and by its affiliates (with direct oversight responsibility with respect to the validation of credit quality as described below) and approves upon the recommendation of management 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. The Committee s charter was amended in January and April 2007 to strengthen the independence of the loan review function by providing that the Committee is to have direct oversight of this function, specifically including

appointing and removing the Corporation s Loan Review Executive and approving salary and annual bonus of the Loan Review Executive;

advising the Loan Review Executive that he or she is expected to provide the Committee summaries of and, as appropriate, significant reports to management prepared by the Loan Review department and management s responses thereto;

approving the Annual Review Plan and schedule of activities;

meeting periodically (quarterly) with the Loan Review Executive in separate executive session to discuss any matters that the Committee or the Loan Review Executive believes should be discussed privately; and

reviewing the Annual Loan

Review
Statement of
Independence.

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. Paper copies are available to shareholders upon request to the Corporate Secretary.

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 E-1 through E-5 of Appendix E and which was last amended and restated in 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 Vicki R. Palmer (chairperson of the Audit 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

7

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.

The Board of Directors has also determined that Colin V. Reed, a member of the Audit Committee, is an audit committee financial expert, as that term is defined in Item 401(h) of SEC Regulation S-K. Mr. Reed spent several years early in his career as assistant chief accountant and chief accountant, respectively, at a life insurance and investment banking company and a large hotel in England. He went on to spend eight years with Holiday Inns, initially as U.K. financial controller and ultimately as CFO for the company s European, Middle East and African operations. He moved to the U.S. in the 1980s to assist with the leveraged recapitalization of that company that ended in the sale of Holiday Inns, the formation of Promus Companies and the subsequent split of Promus from Harrah s Entertainment, Inc. Mr. Reed then became CFO and a member of the three person executive committee of Harrah s. He currently serves as CEO of Gaylord Entertainment Company. Mr. Reed is a fellow of the British Association of Hotel Accountants.

Both Ms. Palmer and Mr. Reed meet 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 E-1 through E-5 of Appendix E hereto, and the statements regarding members of the Committee who are not independent (if any) 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 in 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 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, 2007. 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 and Mr. Reed are audit committee financial experts as that term is defined in Item 401(h) of Regulation S-K, none of the members of the Committee currently 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, 2007, to be filed with the SEC.

Submitted by the Audit Committee of our Board of Directors.

Audit Committee

Vicki R. Palmer, Chairperson
Robert B. Carter
Simon F. Cooper
Colin V. Reed
Luke Yancy III

The Nominating & Corporate Governance Committee

In General. The Nominating & Corporate Governance Committee operates under a written charter, which is attached to this proxy statement as Appendix F. 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 charter was amended in April 2007 to transfer the Committee s duties with respect to director compensation to the Compensation Committee. The purposes of the Nominating & 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.

Nominations of Directors. With respect to the nominating process, the Nominating & 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 & 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 & 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 & 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 & 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.

Processes and Procedures Regarding Director Compensation. Until April 2007, the charter of the Nominating & Corporate Governance Committee gave the Committee the authority to make recommendations to the Board concerning compensation for directors. The charter was amended in April to transfer the Committee s duties with respect to director compensation to the Compensation Committee. The Compensation Committee s processes and procedures regarding director compensation are described in the next section below.

The Compensation Committee

In General. The Compensation Committee operates under a written charter that is attached to this proxy statement as Appendix G. 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 charter was last amended and restated by the Board of Directors in April 2007 to incorporate certain duties with respect to director compensation that were formerly carried out of the Nominating & Corporate Governance Committee and to delegate to the Corporation s CEO and chief human resources officer certain duties with respect to the appointment of and assignment of duties to officers of the Corporation.

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 below], (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.

Most of our executive compensation plans specify that they will be administered by a committee. The Committee s charter provides that the Committee will administer plan-committee functions under our various executive-level compensation plans. Under the charter, at least two members of the Committee must be 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 non-employee directors for purposes of Section 16 of the Securities Exchange Act of 1934. Many of our plans have similar provisions concerning their respective plan committees. The charter stipulates that if a Committee member is disqualified under one or the other of those tests, then that member must recuse him- or herself from participating in decisions impacted by the relevant test. In that situation, the remaining members would constitute the Committee for that action. On occasion, in connection with a specific

action, a Committee member may feel that his or her qualification under one of those tests may be in doubt for some reason; in that case, the member may elect recusal to avoid any risk of possible disqualification.

Processes and Procedures Regarding Executive and Director Compensation. The charter of the Compensation Committee provides that the Committee has the authority 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 and to fix the compensation, including bonus and other compensation and any severance or similar termination payments, of executive officers. The Committee also has the authority, pursuant to its charter, 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, and to make recommendations to the Board concerning director compensation. The Committee may not delegate any of the authority described in this paragraph to any other persons.

The Committee generally conducts a review of the Corporation s director compensation program once every three years. The last comprehensive review took place during 2006 and was carried out by the Nominating & Corporate Governance Committee, which at that time had responsibility for making recommendations on director compensation. Director compensation is reviewed and considered by management and recommended to the Committee, either as a short list of alternatives or as single-item recommendations. In general, management uses a consultant in formulating many of its recommendations, both for advice in designing director compensation and as a source of peer-company data. (Additional information on the use of consultants in compensation matters is provided below.) Management also prepares various presentations, analyses, and other tools for the Committee to use in considering director compensation decisions.

The Committee generally determines the CEO s salary on an annual basis in executive session independent of management. That determination is based on a review of the CEO s personal plan results for the prior year, along with peer CEO salary data provided by management s compensation consultant and a summary of the impact that each alternative salary action would cause. The CEO is not involved in the determination of his own salary.

Our CEO recommends to the Committee salary levels for the executive officers other than himself and, if the Chairman of the Board and CEO positions are not held by the same individual, the Chairman of the Board. If the Chairman of the Board and CEO positions are not held by the same individual, the Board, acting through the Compensation Committee, evaluates the performance and approves the compensation of the Chairman of the Board. Other compensation matters (bonus, equity awards, etc.) involving executives are considered and reviewed by management, including the CEO, and recommended to the Committee, either as a short list of alternatives or as single-item recommendations. Management uses a consultant in formulating many of its recommendations, both for advice and as a source of peer-company data. (Additional information on the use of consultants in compensation matters is provided below.) Management also prepares various presentations, analyses, forecasts, and other tools for the Committee to use in considering compensation decisions during the year.

Management monitors and considers new or modified benefit programs used by other companies, or needed within our company, to attract and retain key employees. Recommendations are presented by management to the Committee for review and discussion. The CEO ultimately oversees these management processes. New benefit plans, or significant amendments to existing plans, typically are approved by the full Board based on recommendations from the Committee; however, modifications to our change in control program are generally approved by the full Board based on recommendations from the Committee acting jointly with the Nominating & Corporate Governance Committee. Enrollment and other administrative actions associated with the benefit plans are handled mainly through third party vendors in accordance with the terms in the Board-approved plans. If executive-level exceptions are required for administration of the plans, such as approval of an early retirement, management generally reviews the facts of the situation and provides a recommendation to the Committee for approval.

Management uses national compensation consulting firms to provide advice with respect to executive and director compensation matters. Management also uses a number of other specialist firms to provide data relevant to specific needs such as funding for nonqualified deferred compensation and any special compensation arrangements that are unique to specific business units such as the capital markets and the mortgage industries. In other cases, nationally-recognized law firms are engaged to provide advice on compliance with new laws, administration of stock plans, and design of severance agreements. The consultants provide competitive data/trends, keep management informed of best practices and work with management to develop programs that

permit the Corporation to attract and retain the talent needed. Management continued its engagement of Mercer Human Resource Consulting in 2007 as its primary advisor for executive and director compensation matters. Among other things, management directed Mercer to provide objective advice to management, the Committee and the Board on executive and director compensation, to provide expertise in executive and director compensation design, market practices in our industry and data to support recommendations, and to ensure timely reports to management and the Committee on all critical accounting, tax, securities law and market trends relating to executive and director compensation.

In 2007, the Compensation Committee re-engaged Frederic W. Cook & Co., Inc. to provide it with independent analysis and advice on all compensation-related matters. Among other things, the independent consultant from that firm assists the Committee in its reviews of compensation program actions recommended by management, reviewing the chosen peer group and survey data for competitive comparisons and advising the Committee on best practices and ideas for board governance of executive compensation. The Cook firm was specifically directed to undertake no work on behalf of management except at the request of the Committee chairperson on behalf of the Committee, and the firm has no other relationships with the Corporation or management.

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

Compensation Committee Report. The Compensation Committee of our Board of Directors has reviewed and discussed with management, among other things, the section of this proxy statement captioned Compensation Discussion and Analysis beginning on page . Based on that review and discussion, the Compensation Committee has recommended to our Board that the Compensation Discussion and Analysis section be included in this proxy statement.

Compensation Committee

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

Compensation Committee Interlocks and Insider Participation

Dr. Blattberg, Messrs. Haslam, Martin, and Ward and Ms. Sammons, all non-employee directors, served as members of the Board of Director s Compensation Committee during 2007. 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.

Board and Committee Meeting Attendance

During 2007, the Board of Directors held eight meetings and took action by written consent once. The Compensation Committee held six meetings. The Nominating & Corporate Governance Committee held six meetings, the Audit Committee held eight meetings and the Credit Policy & Executive Committee held eight meetings. 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 and one director in 1999.

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 2007, the non-management directors met five 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 2007, our independent, non-management directors met in executive session three times. The lead director, currently Dr. Blattberg, presides at the executive sessions of the Board.

Communication with the Board of Directors

A shareholder who desires to communicate with the Board of Directors on matters other than director nominations should submit his or her communication in writing to the lead director, c/o Corporate Secretary, First Horizon National Corporation, 165 Madison Avenue, Memphis, Tennessee 38103, and identify himself or herself as a shareholder. The Corporate Secretary will forward all communications to the lead director for a determination as to how to proceed. Other interested parties desiring to communicate with the Board of Directors should submit their communications in the same manner.

Procedures for the Approval, Monitoring, and Ratification of Related Party Transactions

The Audit Committee of the Board has adopted procedures for the approval, monitoring, and ratification of transactions between First Horizon, on the one hand, and our directors, executive officers or 5% shareholders, their immediate family members, their affiliated entities and their immediate family members affiliated entities, on the other hand. A copy of our procedures is available on our website at www.fhnc.com under the Corporate Governance heading in the Investor Relations area. Our procedures require management to submit any proposed related party transaction (defined as a transaction that is required to be disclosed in our proxy statement pursuant to the requirements of Item 404(a) of Regulation S-K promulgated by the SEC) or amendment to an existing related party transaction to the Audit Committee for approval or ratification. In some cases, the matter may be determined by the chairperson of the Audit Committee. In considering whether to approve a given transaction, the Audit Committee (or chairperson) must consider:

whether the terms of the related party transaction are fair to First Horizon and on terms at least as favorable as would apply if the other party was not or did not have an affiliation with a director or executive officer of First

Horizon;

whether First Horizon is currently engaged in other related party transactions with the related party at issue or other related parties of the same director or executive officer;

whether there are demonstrable business reasons for First Horizon to enter into the related party transaction;

whether the related party transaction would impair the independence of a director; and

whether the related party transaction would present an improper conflict of interest for any director or executive officer of First Horizon, taking into account the

size of the transaction, the overall financial position of the director or executive officer, the direct or indirect nature of the interest of the director or executive officer in the transaction, the ongoing nature of any proposed relationship, and any other factors the Audit Committee deems relevant.

Transactions with Related Persons

The Bank and its subsidiaries have entered into lending transactions 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 (either as agent or as principal) may engage in securities transactions with, and the Bank and its subsidiaries have other banking transactions (including but not limited to deposit accounts and loan-

related interest rate swaps) with, our executive officers and directors and their associates in the ordinary course of business 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 2007, 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 2018, and has renewal options. The Bank has leased this location or an adjacent property from this business for over 30 years. Mr. Mosby ceased to be an executive officer of First Horizon in May 2007.

During 2007, First Horizon cancelled its split-dollar life insurance policies for officers, received the cash surrender value on the policies from the carrier, and replaced them with term insurance. In lieu of canceling the policy on Elbert L. Thomas and receiving the cash surrender value from the carrier, First Horizon sold the policy to Mr. Thomas. Mr. Thomas paid First Horizon approximately $127,000 for the policy, which is the same amount that First Horizon would have received from the carrier as the cash surrender value on the policy. Mr. Thomas ceased to be an executive officer of First Horizon in January 2007. This transaction was approved in advance by the Audit Committee under its related party transaction procedures.

STOCK OWNERSHIP INFORMATION

As of December 31, 2007, there were 7,410 shareholders of record of our common stock. To our knowledge, there were two persons 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 as of December 31, 2007. Certain information concerning beneficial ownership of our common stock by those persons as of December 31, 2007 is set forth in the following table:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Barclays Global	8,456,918	6.69 %
T. Rowe Price Associates, Inc.	12,631,400	9.9 %

The information in the table above with respect to Barclays Global is based on information set forth in Schedule 13G, filed with the Securities and Exchange Commission on February 5, 2008, 2008 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, 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, Barclays Global Investors Japan Limited (BGIJL), Ebisu Prime Square Tower 8th Floor, 1-1-39 Hiroo Shibuya-Ku, Tokyo 150-8402 Japan, Barclays Global Investors Canada Limited (BGICL), Brookfield Place, 161 Bay Street, Suite 2500, P.O. Box 614, Toronto, Canada, Ontario M5J 2S1, Barclays Global Investors Australia Limited (BGIAL), Level 43, Grosvenor Place, 225 George Street, P.O. Box N43, Sydney, Australia NSW 1220, and Barclays Global Investors (Deutschland) AG (BGIDAG), Apianstrasse 6, D-85774, Unterfohring, Germany.

According to this Schedule 13G, BGINA has sole voting power with respect to 2,128,470 shares and sole dispositive power with respect to 2,680,787 shares; BGFA has sole voting power and sole dispositive power with respect to 5,113,603 shares; BGILTD has sole voting power with respect to 469,087 shares and sole dispositive power with respect to 502,928 shares; BGIJL has sole voting power and sole dispositive power with respect to 115,157 shares; and BGICL has sole voting power and sole dispositive power with respect to 44,443 shares.

The information in the table above with respect to T. Rowe Price Associates, Inc. (TRP) is based on information set forth in Schedule 13G, filed with the Securities and Exchange Commission on February 13, 2008 by TRP, 100 E. Pratt Street, Baltimore, Maryland 21202. According to this Schedule 13G, TRP has sole voting power with respect to 2,308,784 shares and sole dispositive power with respect to 12,631,400 shares.

The following table sets forth certain information as of December 31, 2007, 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	145,685(5)		145,685

Robert C. Blattberg	45,272(4)		45,272
Robert B. Carter	930(4)		930
Simon F. Cooper	8,137(4)		8,137
J. Kenneth Glass(6)	1,320,078(5)	12,860	1,332,938
James A. Haslam, III	66,766(4)		66,766
D. Bryan Jordan	50,000(4)		50,000
R. Brad Martin(7)	474,083(4)		474,083
Marlin L. Mosby, III(6)	40,631(5)		40,631
Vicki R. Palmer	84,450(4)		84,450
Colin V. Reed	54,622(4)		54,622
Michael D. Rose	210,651(5)		210,651
Mary F. Sammons	10,526(4)		10,526
William B. Sansom	108,494(4)		108,494
Luke Yancy III	20,193(4)		20,193
[Additional NEO(s)]			
Directors and Executive Officers as a Group (26 persons)	4,128,443(5)	74,985	4,203,428

(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. The shares listed for Mr. Glass and

include
188,305
and 79,309
shares,

15

respectively, held in margin loan accounts, whether or not there are loans outstanding. The shares listed for Mr. Rose include 4,263 shares pledged as collateral on a line of credit.

(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 (3.27%) includes stock units. The percentage would be 3.22% 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 2,400; Mr. Carter 0; Mr. Cooper 6,400; Mr. Haslam 1,200; Mr. Martin 4,800; Ms. Palmer 4,800; Mr. Reed 7,200; Ms. Sammons 4,800; Mr. Sansom 1,600; and Mr. Yancy 3,600. 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, 2007: Dr. Blattberg 34,512; Mr. Carter 0; Mr. Cooper 0; Mr. Haslam 47,253; Mr. Martin 39,220; Ms. Palmer 73,542; Mr. Reed 0; Ms. Sammons 2,493; Mr. Sansom 88,409; 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 36,797; Mr. Glass 0; Mr. Jordan 25,000; Mr. Mosby 18,982; Mr. Rose 0; and the director and executive officer group 308,045. 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, 2007: Mr. Baker 77,735; Mr. Glass 833,175; Mr. Jordan 0; Mr. Mosby 16,171; Mr. Rose 82,699; and the director and executive officer group 2,038,523. Also includes shares held at December 31, 2007 in 401(k) Savings Plan accounts. Director and executive officer group totals do not include an aggregate of less than 75,000 shares (including stock options and restricted stock) for two individuals who became executive officers after December 31, 2007.

(6) Mr. Glass ceased to be an executive officer as of January 29, 2007 and a director as of April 17, 2007. Mr. Mosby ceased to be an executive officer in May 2007.

(7) The number of shares for Mr. Martin includes 40,000 shares held by the R. Brad Martin Family Foundation.

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 III directors expires at this annual meeting. The terms of the Class I and Class II directors expire at the 2009 and 2010 annual meetings, respectively. The Board of Directors proposes the election of four Class III directors and one Class II director, each of whom is an incumbent. The Class II director, Mr. Carter, was elected by the Board of Directors in July 2007, and his term, under Tennessee law, expires at the next annual meeting of shareholders following his election by the Board. Mr. Carter was recommended as a nominee for a position on our Board by a non-management director. Each Class III director elected at the meeting will hold office until the 2011 annual meeting of shareholders or until his or her successor is elected and qualified, and Mr. Carter will hold office until the 2010 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 directed by the Board, 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 on page 6 of the Corporate Governance and Board Matters Composition of Board Committees section of this proxy statement above.

NOMINEES FOR DIRECTOR
Class III
Term Expiring at 2011 Annual Meeting

SIMON F. COOPER (62) has been 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., Bethesda, Maryland, a worldwide operator and franchisor of hotels and related lodging facilities, since February 2001. Mr. Cooper has been a director of First Horizon since 2005.

JAMES A. HASLAM, III (54) 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.

COLIN V. REED (60) 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. Mr. Reed is a director of one other public company, Gaylord Entertainment Company. He has been a director since April 2006.

MARY F. SAMMONS (61) has been President and Chief Executive Officer of Rite Aid Corporation (Rite Aid), Camp Hill, Pennsylvania, a retail drug store chain, since June 2003, and she has been a member of the Rite Aid Board of Directors since December 1999 and its chairman since June 2007. She served as President and Chief Operating Officer of Rite Aid from December 1999 to June 2003. Ms. Sammons has been a director since 2003.

Class II
For the Remainder of a Three-Year Term Expiring at the 2010 Annual Meeting

ROBERT B. CARTER (47) is Executive Vice President FedEx Information Services and Chief Information Officer of FedEx Corporation (FedEx), a provider of transportation, e-commerce and business services. He was Executive Vice President and Chief Information Officer of FedEx from June 2000 to January 2007. Mr. Carter serves as a director of one other public company, Saks Incorporated. He was elected as a director of First Horizon in July 2007.

CONTINUING DIRECTORS
Class I
Term Expiring at the 2009 Annual Meeting

GERALD L. BAKER (65) was elected the President and Chief Executive Officer and a director of First Horizon and the Bank by the Board on January 29, 2007. From November 2005 to January 29, 2007, Mr. Baker was Chief Operating Officer of First Horizon and the Bank. Prior to November 2005, Mr. Baker was Executive Vice President of First Horizon and the Bank and President First Horizon Financial Services, and prior to January 2006, Mr. Baker was President Mortgage Banking and President and Chief Executive Officer of First Horizon Home Loan Corporation.

R. BRAD MARTIN (56) is the Chairman of RBM Venture Company, Memphis, Tennessee, a family office. He retired as Chairman of the Board of Saks Incorporated, Birmingham, Alabama, a retail merchandising company, in May 2007. Prior to January 2007, Mr. Martin was Chairman of the Board and Chief Executive Officer of Saks Incorporated. Mr. Martin is a director of one other public company, Gaylord Entertainment Company. He has been a director since 1994.

VICKI R. PALMER (54) is Executive Vice President, Financial Services and Administration, Coca-Cola Enterprises Inc. (CCE), Atlanta, Georgia, a bottler of soft drink products. Prior to February 2004, Ms. Palmer served as Corporate Senior Vice President, Treasurer, and Special Assistant to the CEO 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 (66) 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

three other public companies, Astec Industries, Inc., Mid-America Apartment Communities, Inc. and the Tennessee Valley Authority. Mr. Sansom has been a director since 1984.

Class II
For a Three-Year Term Expiring at 2010 Annual Meeting

ROBERT C. BLATTBERG (65) is the Timothy W. McGuire Distinguished Service Professor of Marketing and Executive Director of the Center for Marketing Technology and Information at the Tepper School of Management, Carnegie Mellon University, Pittsburgh, Pennsylvania. Prior to January 1, 2008, he was 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.

MICHAEL D. ROSE (66) was elected the Chairman of the Board of First Horizon and the Bank by the Board on January 29, 2007. He served as Chairman of Gaylord Entertainment Company from April 2001 to May 2005. Mr. Rose is a director of three other public companies, Gaylord Entertainment Company, Darden Restaurants, Inc., and General Mills, Inc. Mr. Rose has been a director since 1984.

LUKE YANCY III (58) 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 2001.

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

VOTE ITEM NO. 2 APPROVAL OF AMENDMENTS TO OUR CHARTER TO PROVIDE FOR DECLASSIFICATION OF OUR BOARD OF DIRECTORS AND ANNUAL ELECTION OF DIRECTORS

Our Board of Directors has approved, and recommends your approval of, amendments to our Charter that would provide for the phased-in elimination of the classification of the Board and the annual election of directors, beginning with the class of directors whose terms expire at the 2009 annual meeting of shareholders.

Our Board of Directors is currently divided into three classes, and members of each class are elected to serve for staggered three-year terms. If the amendments are adopted, the directors elected at the 2009 annual meeting and thereafter would be elected to one-year terms, but the amendments would not shorten the existing term of any director elected prior to the 2009 annual meeting. Class III directors elected at the 2008 annual meeting will be elected to three-year terms, expiring at the 2011 annual meeting. The terms of the Class I directors will continue to expire at the 2009 annual meeting, and the terms of the Class II directors, including the Class II director elected at the 2008 annual meeting, will continue to expire at the 2010 annual meeting.

The proposed amendments are the result of the Board s ongoing review of our corporate governance policies. In making its recommendation, the Board and the Nominating & Corporate Governance Committee considered carefully the advantages of both classified and declassified board structures. A classified board of directors can promote continuity and enhance the stability of the board, encourage a long-term perspective on the part of directors and reduce a company s vulnerability to coercive takeover tactics. The Board recognized these advantages but concluded that they were outweighed by the advantages of the shareholders ability to evaluate all directors annually and of the Corporation s adoption of a structure that is considered by many investors and others to be a best practice in corporate governance. Consequently, the Board of Directors concluded that amendments of our Charter to declassify the Board are in the best interests of the Corporation and its shareholders.

Declassification of our Board will require amendment to subsections (a), (b) and (e) of Article 12 of our Charter. Subsection (b) currently provides that directors elected to fill a newly created directorship or other vacancy shall hold

office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director s successor has been duly elected and qualified. In addition to referring to the classified Board, subsection (b) of Article 12 is contrary to Tennessee law, which requires directors elected by the Board to stand for re-election at the annual meeting of shareholders next following their election by the Board (rather than at the end of the full term of the class to which they were elected). The elimination of this provision thus brings our Charter into compliance with Tennessee law and our practice. A copy of Article 12, marked to show the proposed amendments, is attached to this proxy statement as Appendix A.

If approved by the shareholders, the amendments will be effective upon the filing of articles of amendment to our Charter or a restated Charter with the Secretary of State of Tennessee. First Horizon would make this filing promptly after approval of the proposal at the annual meeting. In addition, the Board has made conforming changes to the Bylaws to eliminate references to the classification of the Board, contingent upon and effective immediately following the approval of the Charter amendments by the shareholders. If the proposed amendments are not approved, the Board of Directors will remain classified.

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

VOTE ITEM NO. 3 APPROVAL OF AMENDMENTS TO OUR CHARTER AND BYLAWS TO ELIMINATE THE REQUIREMENT OF A SUPERMAJORITY VOTE FOR CERTAIN AMENDMENTS TO THE CHARTER AND BYLAWS

Our Board of Directors has approved, and recommends your approval of, amendments to our Charter and Bylaws that would eliminate the requirement of a supermajority vote for certain amendments to the Charter and Bylaws. Our Charter currently requires the vote of 80% of the voting power of all outstanding shares to amend Article 12 of the Charter. Article 12 currently

- provides for the classification of the Board and a three-year term of office for directors,
- requires that the number of directors be fixed in the Bylaws,
- provides for the filling of newly created directorships or vacancies on the Board only by the directors (except in the case of removal),
- authorizes the removal of directors by the shareholders

only for cause, and

requires the vote of 80% of the voting power of all outstanding shares to amend the Bylaws and to amend any provision of the Charter inconsistent with the Bylaws.

In addition, Section 10.5 of the Bylaws currently requires the vote of 80% of the voting power of all outstanding shares to amend the Bylaws. The proposed amendments would provide that the amendments to the Charter and Bylaws described above, which currently require an 80% supermajority for approval, would be approved by the vote of a majority of the voting power of all outstanding shares.

The Board has proposed these amendments to our Charter and Bylaws as part of its ongoing review of our corporate governance policies. The amendments, if adopted, would make it easier for our shareholders to make changes to our Bylaws and to important provisions of our Charter. The Board has carefully considered the advantages of the supermajority requirements, which serve to protect the classified Board and the other provisions of the Charter described above and which, as noted above, thereby support the continuity and stability of the Board, encourage a long-term perspective on the part of directors and reduce the Corporation s vulnerability to coercive takeover tactics. The Board has concluded, however, that these advantages are outweighed by the advantages of facilitating the shareholders ability to amend the Bylaws and the relevant provisions of the Charter. In addition, like the declassification of the Board, the elimination of the supermajority voting requirements is seen by many investors and others as a best practice for corporate governance. Consequently, the Board of Directors concluded that the proposed amendments of our Charter and Bylaws to eliminate the supermajority voting requirements are in the best interests of the Corporation and its shareholders.

Elimination of the supermajority voting requirements will require amendments to subsections (c) and (d) of Article 12 of our Charter and Section 10.5 of our Bylaws. Copies of Article 12 the Charter and of Section 10.5 of the Bylaws, both marked to show the proposed amendments, are attached to this proxy statement as Appendix A and Appendix B, respectively. If the proposed amendments are not approved, the provisions requiring supermajority approval of amendments to the Bylaws and to certain provisions of the Charter will remain in place.

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

VOTE ITEM NO. 4 RATIFICATION OF APPOINTMENT OF AUDITORS

Appointment of Auditors for 2008

KPMG LLP audited our annual financial statements for the year 2007. The Audit Committee has appointed KPMG LLP to be our auditors for the year 2008. 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. 4 the ratification of KPMG LLP s appointment as our auditors for the year 2008, with the recommendation that the shareholders vote for Item No. 4. 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 2007 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 2006 and 2007

The table below and the paragraphs following it provide information regarding the fees billed to us by KPMG LLP during 2006 and 2007 for services rendered in the categories of audit fees, audit- related fees, tax fees and all other fees.

	2006	2007
Audit Fees	$ 1,901,000	$ 1,957,000
Audit-Related Fees	537,000	649,000
Tax Fees	15,000	15,000
All Other Fees	128,000	0
Total	$ 2,581,000	$ 2,621,000

Audit Fees. For the years 2006 and 2007, 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 $1,901,000 and $1,957,000, respectively.

Audit-Related Fees. For the years 2006 and 2007, 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 $537,000 and $649,000, respectively. The amount for both years consists of fees for 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 2006 and 2007, the aggregate fees billed to us by KPMG LLP for professional services for tax compliance, tax advice, and tax planning were $15,000 and $15,000, respectively. The amount for both years consists primarily of tax compliance fees.

All Other Fees. For the years 2006 and 2007, the aggregate fees billed to us by KPMG LLP for products and services other than those reported under the three preceding paragraphs were $128,000 and $0, respectively. The amount for 2006 consists of fees for due diligence procedures pertaining to potential business acquisitions.

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 D-6 through D-9 of Appendix D. None of the services provided to us by KPMG LLP and described in the paragraphs entitled Audit-Related Fees, Tax Fees and All Other Fees above 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. 4.

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 2009 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 , 2008, 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 shareholders 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 shareholders meeting. If, however, we give fewer than 100 days notice or public disclosure of the shareholders 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 shareholders meeting was mailed or publicly disclosed. Shareholder proposals must be submitted to the Corporate Secretary, and nominations for election to the Board must be submitted to the chairperson of the Nominating & Corporate Governance Committee, in care of the Corporate Secretary. 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 10:00 a.m. Memphis time or such other date and/or such other time as our Board may fix by resolution. The meeting date for 2009, determined according to the Bylaws, is April 21, 2009. 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 21, 2008 and January 21, 2009, 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

Compensation Discussion and Analysis

Introduction

We continue to be committed to pay for results. Large portions of compensation opportunities for our executives are linked to company performance. In 2007 our performance overall did not meet threshold requirements, and as a result those opportunities paid nothing for the year. Specifically, $0 was paid for all executive officer cash bonuses linked to corporate performance. The long-term incentive program (LTIP) award granted to executives three years ago, covering the performance period 2005-2007, paid $0 for all executive officers. Stock options granted in April, at prevailing market prices, were substantially underwater by year-end and will require the stock price to roughly double before they will have any value. Since 2004, actual total pay for the CEO and COO positions has been below the 25th percentile of the competitive market as a result of this linkage of pay to company results.

2007 was a tumultuous year for the financial services industry. The interest rate environment, including the yield curve shape, continued to be a drag on our performance for much of the year. Major financial markets on which we and other institutions depend experienced highly unusual and substantial disruptions in the third and fourth quarters, with corresponding immediate financial losses in our mortgage business. Those disruptions created major secondary impacts upon all our business segments, including lower transaction volume in all segments as well as lower collateral values and higher rates of non-performance across many of our loan products. Some of the market conditions and impacts are expected to be isolated to 2007, while others are likely to persist for some time. At the same time, in 2007 we undertook a comprehensive cost reduction program and a top-to-bottom examination, restructuring, and repositioning of our businesses, products, and distribution channels, resulting in substantial changes to our business strategies. We incurred most of the costs of these initiatives in 2007, although the benefits will not be realized until 2008 and later years.

During 2007 we also experienced substantial changes in our personnel at all levels of the Corporation. By the end of 2007, we had reduced our employees overall by over 20% compared with the beginning of the year. During 2007 Jerry Baker became our President and CEO, Mike Rose became our Chairman of the Board, and Bryan Jordan became our CFO.

Although compensation tools and devices inevitably must be adjusted as conditions change, the Compensation Committee of the Board remains committed to linking pay to performance in substantial ways at the executive level. A central philosophy of the Committee is to provide competitive compensation opportunities for executives in predictable, measurable ways. At the same time the Committee retains the flexibility to respond to unexpected circumstances.

This section of our proxy statement will provide an overview of our executive pay components, explain them in the context of our compensation philosophies and some of the events of this year, and connect outcomes with objectives.

Compensation Committee Administration

The Compensation Committee of the Board administers all plans and programs connected with compensation of the named executive officers with joint administration with the Nominating and Corporate Governance Committee with respect to our change in control program. Information concerning the Compensation Committee, its current members, and its charter is provided under the caption The Compensation Committee beginning on page of this proxy statement, and a copy of the charter is contained in Appendix G.

Compensation Overview for Our Named Executive Officers

The principal components of compensation for our named executives are salary, annual cash bonus, and long-term incentive awards. Salary and bonus are inherently short-term compensation elements, while equity-based incentives are inherently long-term. During the later part of 2006 and early 2007, management and the Committee conducted a comprehensive review of our executive compensation programs discussed further under the caption beginning on page of this proxy

statement. One of the outcomes from the review was changes to the design and mix of long-term incentive awards, which in 2007 were in the form of stock options and performance stock unit (PSU) awards.

Other compensation components include: retirement benefits; health and miscellaneous benefits; and change in control benefits. In addition, occasionally we provide special incentives or benefits related to substantial changes in employment status, including hiring, major promotion, or early retirement.

The following table outlines the categories or components of compensation in 2007 for our named executive officers. Details of each component are provided later in this Compensation Discussion and Analysis section.

Compensation Components in 2007

Compensation Component	Primary Purpose	Key Features in 2007
Cash salary	Provide competitive baseline compensation to attract and retain executive talent	Salaries are determined based on prevailing market levels with adjustments for individual factors such as performance, experience, skills, and tenure. Annually management sets a company wide merit pool in which the executives participate. For 2007 the executive officer merit increases were the same as the company-wide average of 3.4%.
Annual cash bonus	Create a strong financial incentive for achieving or exceeding one-year company and/or executive management team goals	The annual bonus is performance-based under our shareholder-approved Management Incentive Plan (MIP). The key metrics in 2007 were earnings per share growth and individual performance for corporate officers and specific business line earnings targets for business line officers.
Stock options	Create a financial incentive for achieving long-term stock value growth and thus align the interests of executives with those of shareholders, and provide a necessary retention tool.	An option is the right to purchase a fixed amount of our stock at a fixed price over a seven-year term. Options do not fully vest until four years after grant. Options will have no value unless the market price of our stock rises above the option price.
Performance stock units (PSUs)	Provide a performance-based incentive to reward achievement of specific long-term company goals	A PSU is the right to receive an amount of stock based on achievement of pre-determined performance goals during a three-year performance period.

Compensation Component	Primary Purpose	Key Features in 2007
Retirement and tax-deferral benefits	Provide competitive opportunities for executives to prepare for retirement and to take advantage of deferral provisions in the tax laws	Benefits are offered through broad-based pension and 401(k) savings plans and through officer deferred compensation programs.
Perquisites and broad-based benefits	Provide personal benefits to meet competitive pressures for talent	Many benefits (such as health insurance) are provided under broad-based programs. Most benefits are provided in-kind. Perquisites were limited and capped in 2007.
Change in control benefits	Allow us to compete for executive talent during normal times and, if a change in control situation were to arise, motivate our executive team to remain with First Horizon, focused on company objectives, during the pursuit, closing, and transition periods of the transaction	Severance agreements and awards in 2007 were changed to have a double trigger (i.e., benefits are paid only if employment terminates in connection with a change in control event). Key benefits are cash payments based on salary and bonus and accelerated vesting of stock awards.
Special awards:		
Retention bonus ***Mr. Mosby*** ***Mr. Medford***	Provide a cash incentive to targeted personnel to remain with the company for a specified period	Bonus is paid in advance, subject to forfeiture if the officer resigns in less than one year.
Hiring bonus ***Mr. Jordan***	Replace compensation forfeited as a result of leaving the officer s former employer and provide an incentive to remain with First Horizon for a specified period	Cash and equity paid/awarded at hire, subject to forfeiture if the officer resigns in less than one year.
Early retirement agreement ***Mr. Glass***	Recognize his service to the company and promote an orderly transition within the company	Most outstanding awards were forfeited. Vested awards were retained based on their original terms. An old deferred compensation plan and a long-term stock award that was almost fully vested at the time of retirement were allowed to continue/vest. No cash severance was paid.

[Possible additional disclosure related to addition NEO(s).]

Compensation Philosophies and Practices

Our executive compensation plans and programs are designed to provide an incentive for our executives to attain specific corporate goals by rewarding them for achievement, align the interests of

24

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.

Alignment

A major emphasis in our programs is the alignment of the interests of our executive officers with the interests of our shareholders.

Ties between Executive Compensation and Corporate Performance. Approximately 80% of the CEO s annual target compensation is at risk based on corporate earnings per share growth performance, while a substantial portion of the other executives annual compensation is based on achievement of applicable business unit or corporate financial objectives. Additional information on performance practices is set forth under the caption Relative Sizing and Mix of Major Compensation Components beginning on page of this proxy statement.

Stock Ownership Guidelines. These guidelines require the CEO to maintain beneficial ownership over time of at least 150,000 shares, and each of the other executive officers is expected to maintain beneficial ownership over time of 25,000 to 50,000 shares. For this purpose, fully-owned shares, restricted stock, and shares held in tax-deferred plans are counted, but stock options are not counted. If sufficient shares are not owned to satisfy the ownership guideline, 75% of the net after-tax shares received from our stock option and other plans must be retained until the target ownership level is achieved. In 2007, four of the executive officers did not own sufficient shares to meet the required levels. Those four have relatively short tenure in their current position, and they will be subject to the 75% retention requirement per the guidelines until they hold sufficient shares to meet the guidelines.

We intend for the combined emphasis on corporate performance in setting executive compensation and stock ownership to strongly link the interests of our executives with those of our shareholders.

Retention, Attraction, and Competition

Our compensation plans and programs are designed to attract and retain excellent employees. 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. Additional information concerning competitive factors is set forth in Use of Peer Group Data beginning on page .

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 for compensation exceeding $1 million paid during the year to the CEO and the three other highest paid executive officers at year-end (excluding the Chief Financial Officer). 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 Meetings

In 2007 the Committee met six times and took action by written consent one time for the principal purposes of executing their responsibilities as outlined in the Committee s charter. Every meeting was concluded with an executive session during which management was not present.

Additional information concerning director attendance at meetings and other related matters is set forth under the heading Board and Committee Meeting Attendance beginning on page .

25

Role of Management in Compensation Decisions

Management monitors and considers new or modified benefit programs used by other companies, or needed within our company, to attract and retain key employees. Recommendations are presented by management to the Committee for review and discussion. The CEO and the Chairman ultimately oversee these management processes. New benefit plans, or significant amendments to existing plans, typically are approved by the full Board based on recommendations from the Committee. If executive-level exceptions are required for administration of the plans, such as approval of an early retirement, management generally reviews the facts of the situation and provides a recommendation to the CEO and the Chairman and, ultimately, a recommendation to the Committee for approval.

In January the full Board appointed Jerry Baker as CEO and Mike Rose as Chairman following the announced retirement of Ken Glass. At that time the Board approved Jerry Baker s salary as CEO of $800,000 after working directly with the Committee to consider CEO peer market data and total compensation opportunity.

Our CEO recommended to the Committee 2007 salary levels and other compensation actions (bonus, equity awards, etc.) for the executive officers other than himself and the Chairman of the Board. Management used a consultant, Mercer Human Resource Consulting, in formulating many of its recommendations, both for advice and as a source of peer-company data as described below; see Use of Compensation Consultants and Use of Peer Group Data immediately following this section for additional information.

Management, when formulating the salary level recommendations, reviewed market data relative to average merit increases in the financial services industry as well as general industry. This market data, along with the results of the comprehensive review, was used to develop the company-wide merit pool for 2007 and the recommended merit adjustments for the executive officers. Decisions around the 2007 annual bonus and equity awards were determined during the comprehensive review discussed further under the caption 2006-7 Executive Compensation Review beginning on page of this proxy statement.

Use of Compensation Consultants

Management uses Mercer Human Resource Consulting (Mercer), a national compensation consulting firm, as its primary advisor for executive compensation matters. In some cases, nationally- recognized law firms are engaged to provide advice on compliance with new laws, administration of stock plans, and design of severance agreements.

Mercer was initially engaged by the EVP, Employee Services over five years ago. The consulting arrangement was reviewed in 2006 and the engagement was continued by the EVP, Employee Services who has responsibility for initiating or terminating the contract. Mercer serves as a consultant to management on all executive compensation matters and is responsible for providing accurate and unbiased advice to the Compensation Committee, even though the Committee has engaged its own consultant. Mercer s services were used extensively during the 2006 2007 comprehensive review. During the review Mercer interviewed key executives to better understand their business lines and gain insight into the executives perception of the current pay programs. Mercer analyzed our prior peer group and made recommendations on additions and deletions to the peer listing for 2007 based on our asset size and business similarities. The revised peer group was used by Mercer to provide market analysis on the various alternatives presented for management and Committee review and approval. In addition, Mercer presented to management emerging best practices in the area of perquisites, change-in-control programs and mix of pay components, provided insight as to performance metrics used by the peer groups and our company s placement with respect to those metrics and peers and ultimately recommended a 2007 executive pay package which included changes to the mix of equity awards used, the performance metrics and target award levels. In addition, later in 2007 management consulted with Mercer on the annual bonus program design including the metrics to use for 2008, a key transition year for the company, the design of the annual bonus program for the business line leaders and the equity mix and target levels for the management equity awards.

26

In 2007, the Compensation Committee continued to engage a separate, independent consulting firm, Frederic W. Cook & Co. (Cook), to provide analysis and advice on all compensation-related matters. Among other things, Cook assists the Committee in its reviews of compensation program actions recommended by management. Cook has no other relationships with the Corporation or management. Key engagement items for Cook in 2007 were:

- In advance of Committee meetings, review and comment upon written meeting materials.
- Participate in key pre-meeting conferences with management and the Committee chairman on compensation matters.
- At a Committee meeting, brief the Committee on specific areas related to executive compensation practices, including: external compensation trends and developments; results of compensation-related shareholder proposals at other companies; and compensation disclosure rules and practices.

During the year, Cook provided the Committee and management with updates on emerging trends in the market through the use of their general client Advisory Letters. In addition, Cook provided perspective on management s recommendations related to the mix of equity vehicles for non-executive management level programs as well as the executive level program design and performance metrics.

Use of Peer Group Data

Management and the Committee use peer group market data points as a reference; peer data is not the only factor considered in making compensation decisions. Other factors include best-practice corporate governance, the economic environment, and the need to retain/attract/motivate talent required for achieving business results.

The Committee annually reviews the compensation practices of certain peer groups to ensure our pay programs remain competitive and allow for the hiring and retention of key talent. Because of the diversity of First Horizon s business units, we must review several peer groups in order to compare First Horizon s pay practices with the

competitive market for each line of business. The Total Shareholder Return Performance Graph (TSR graph) that appears in our annual report to shareholders (on page of that report) uses the top 30 bank holding companies in the U.S. based on asset size as of September 30, 2007 as reported in *American Banker* (Top 30). We believe 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 *American Banker*.

As indicated in the table below, the Committee considered specific peer group data in setting many of the compensation components for executives in 2007. The Peer Banks used in 2007 are 23 financial services companies selected by the Committee with the advice of, and using information provided by, Mercer. To construct our Peer Banks group, we started with the Top 30 banks; we eliminated nine of the Top 30 due to substantial size (Citigroup, Bank of America, JPMorgan, Wells Fargo, Wachovia, and U.S. Bancorp), significantly different business mix (State Street and Bank of New York), or foreign ownership (Northern Trust); we eliminated three institutions that had announced they were being bought (AmSouth, North Fork, and Mercantile); and we added five financial services companies that are immediately below the Top 30 based on asset size (Colonial Bancgroup, Associated Banc-Corp, City National, TCF Financial, and Commerce Bancshares). The median asset size of our Peer Banks was approximately $45 billion; asset sizes ranged from $15 billion to $182 billion. For comparison, our asset size at beginning of 2007 was approximately $38 billion. The 23 members of our 2007 Peer Banks are:

Peer Banks Used for 2007 Awards

Suntrust Banks Inc.	Keycorp	Mellon Financial Corp.	Associated Banc-Corp
National City Corp.	Comerica Inc.	TD Banknorth Inc.	BOK Financial Corp.
Regions Financial Corp.	M&T Bank Corp.	Huntington Bancshares	Commerce Bancshares Inc.
BB&T Corp.	Marshall & Ilsley Corp.	Compass Bancshares Inc.	Fulton Financial Corp.
Zions Bancorporation	Synovus Financial Corp.	City National Corp.	Fifth Third Bancorp
Commerce Bancorp (NJ)	Colonial Bancgroup	TCF Financial Corp.	

We also utilized survey data from McLagan Partners (McLagan), another non-affiliated consulting firm to establish competitive pay levels for Mr. Medford. McLagan is an industry leader in the areas of competitive market analysis for his business unit (capital markets).

Based on the mix in our capital markets business unit we utilized the McLagan survey for the Head of Fixed Assets, including all survey participants. McLagen s entire survey is of 94 firms which include most of the companies in our Peer Banks group plus other competing firms such as Fidelity Capital Markets, Northern Trust, State Street, and Northern Trust (also Peer Companies). These surveys were used as the foundation for management s recommendations regarding changes to the compensation programs for Mr. Medford.

The Committee used market data to help establish the size and terms of many components of compensation for executives. To ensure that the majority of each executive s total compensation opportunity is earned through annual or long-term results, salaries are targeted to be near the median of the market for the each position. Salaries may be higher or lower than median based on individual factors (performance, experience, skills, and tenure) or for our retention needs. Annual cash bonuses under our shareholder-approved MIP bonus plan, and annual equity-based incentive awards under our shareholder-approved stock plans, are targeted similarly: target-level compensation is paid for median performance, and maximum-level compensation is paid for top-quartile performance, based on projections of market performance. In those cases, market means: the Peer Banks identified above for named executives other than mortgage and capital markets business line executives and the Peer Companies identified above for our mortgage and capital markets executives, except that the performance criteria for all PSUs were set using Peer Bank data.

Many of the other components were established and are maintained so that the combination of benefits we offer remains generally competitive with other institutions in the financial services industry based on generally known practices and trends rather than upon statistical analyses or formal benchmarking to any specific group. Those components include retirement and tax-deferral programs and benefits, perquisites, and change in control severance agreements as well as change in control features in many plans. As an illustration, during 2007 our change in control agreements and plan features were modified in significant ways based upon advice from Cook and external legal counsel that industry practices were shifting. These adjustments are described in more detail under the caption 2006-7 Executive Compensation Review beginning on page of this proxy statement.

For still other compensation components, including retention and hiring bonuses and early retirement arrangements, relevant market data was not available, and the Committee used recommendations from management along with external advice from the Committee s consultant to determine the types, amounts, or terms of benefits.

2007 Special Practices for Mr. Jordan

Mr. Jordan was hired to be our Chief Financial Officer under a letter agreement signed April 13, 2007, effective May 1. The agreement provides that his 2007 annual bonus opportunity and equity awards would be for the full year 2007, with no reduction for his having started in May. That concession was made in view of significant forfeitures Mr. Jordan was to experience in leaving his former position with respect to 2007 bonus and equity awards. Additional

information concerning Mr. Jordan s compensation components appears, as applicable, in those sections devoted to specific compensation components.

2007 Special Practices for Mr. Glass

Mr. Glass resigned as our Chairman and CEO in January 2007 and at that time announced that his retirement as an employee would occur later in the year. The Committee determined that, pending his termination of employment, it would be appropriate to continue his former salary to provide an incentive to work with Mr. Baker and Mr. Rose to ensure a smooth transition. However, no bonus opportunity for 2007 was awarded to Mr. Glass and no annual equity awards were granted for 2007. The Committee approved a special retirement agreement with Mr. Glass, which is described in more detail under the headings Special Retirement Agreements and Special Retirement Agreement with Mr. Glass beginning on pages and of this proxy statement, respectively.

2007 Special Practices for Mr. Mosby

Mr. Mosby announced his intention to move laterally to our FTN Financial division in 2006, and a search was begun for a new CFO. That search culminated in the hiring of Mr. Jordan in April, effective May 1, 2007, and Mr. Mosby stepped down as CFO effective May 1. Mr. Mosby underwent the normal processes for salary review, annual bonus and annual equity awards as CFO in February and April. Once his lateral move became effective, Mr. Mosby s annual bonus opportunity was changed substantively to conform with FTN s regular bonus program for FTN officers. FTN s bonus program is administered by FTN using a pool generated by FTN earnings.

[Possible additional disclosure related to additional NEO(s)]

Components of Compensation Program

2006-7 Executive Compensation Review

During the latter part of 2006 and early 2007, management and the Committee conducted a comprehensive review of our executive compensation programs. The key objectives of the review were to ensure that all elements of the executive compensation program are aligned with the Corporation s strategic objectives and best practice corporate governance and are consistent with the competitive market.

Management and Mercer worked in collaboration with the Committee and Cook to ensure that our executive compensation plans and programs continue to provide competitive benefits based on current market conditions, meet our key business objectives, and follow best practice corporate governance. Additional information concerning the use of compensation consultants and peer groups during this review is provided under the captions Use of Compensation Consultants and Use of Peer Group Data beginning on page of this proxy statement.

Key findings and changes to our practices in 2007 resulting from that review were discussed in our 2007 proxy. These changes result in payment of all annual and long-term incentives being dependent on achieving performance goals. The changes also reflect our and the Committee s intent to preserve the focus on stock price growth provided by options and our long-standing commitment to grow earnings over the long term while modernizing and refining our practices.

Relative Sizing & Mix of Major Compensation Components

The relative sizing and mix of the individual components of executive compensation are based on the competitive market for each position, as described above, experience and individual performance. The major components are salary, annual cash bonus, and the equity incentives. For 2007, the major components for the named officers, other than Mr. Glass (who retired), were sized as a percentage of salary as shown in the table below. Other components generally were not considered when the size of the major components was determined. The CEO targets are generally higher than those of the other NEOs to be competitive and reflect the greater responsibility of the position. Performance-based incentives, which are the annual cash bonus and PSU awards, provide for threshold, target, and

maximum performance levels and payouts. Information in the table for performance based incentives relates to the target levels of compensation based on target-level performance. Salary increases affect the bonus and long-term targets since targets are a percent of salary. Certain benefits such as 401k

match and pensions are also related to salary levels. There is no other interdependence among the compensation elements.

Sizing of Major Compensation Components as a Percentage of Annual Salary

Officer	Annual Bonus		Retention Bonus	Options	PSUs	
	Target	Maximum			Target	Maximum
Mr. Baker	125 %	187.5 %	None	162.5 %	162.5 %	325 %
Mr. Jordan	100 %	150 %	None	100 %	100 %	200 %
Mr. Burkett	NA	NA	None	75 %	75 %	150 %
Mr. Medford	NA	NA	58 %	37.5 %	37.5 %	75 %
Mr. Mosby	NA	NA	15 %	75 %	75 %	150 %
[Additional NEO(s)]						

The size of the annual bonus opportunities of the named business line executives, Messrs. Burkett, Medford, and Mosby (former CFO, currently in a business line role), is not based on salary. The size is based instead on achieving a pre-tax income target at the respective business line. Mr. Medford s bonus program is not structured in a manner that provides a true target, and his maximum opportunity is $4 million. See Annual Cash Bonus under MIP Business Line Executives beginning on page for additional information.

Two types of equity awards from prior years have three-year performance periods which include the year 2007. One type, consisting of LTIP awards, was granted annually (ending in 2006) and so was not considered to be part of 2007 compensation. The other type, consisting of PARSAP shares, was granted every three years and was last granted in 2005. One-third of the 2005 grant is attributed to 2007, but was not based on 2007 salaries and so is omitted from the table above. Beginning in 2007, the PARSAP, restricted stock, and LTIP programs were replaced with the PSU program for executives; see 2006-7 Executive Compensation Review beginning on page for additional information about that change.

During the comprehensive review conducted in 2006 and 2007, management and the Committee reviewed a market analysis prepared by Mercer using the Peer Banks and Peer Companies discussed above. Our objective was to provide a competitive pay package under the newly designed executive compensation program and thus set competitive target and maximum opportunities under the annual bonus programs and the long-term incentives. Mercer prepares annually a market analysis of the pay components using the Peer Banks and Peer Companies discussed above. This analysis is used by management and the Committee to determine if modifications to the bonus and long-term incentive targets are needed. A key factor considered during the setting of targets relates to the appropriate mix of base pay versus pay at risk for performance, and the mix between short and long-term compensation. The chart above shows that Mr. Baker s compensation package is more heavily weighted in favor of performance-based pay. This is a prevalent market practice among our Peer Banks and supports our compensation philosophy to link pay to performance.

During the 2006-7 review we also reviewed trends within each of the business lines. The table above shows that Mr. Medford s compensation is weighted more heavily on short-term compensation. That weighting shift is due to practices prevalent in the capital markets industry. Our competitors in that industry rely less on long-term incentives and more on annual bonus programs to compensate their capital market heads.

The retention bonus for Mr. Mosby was set at 15% of his 2006 salary. Mr. Medford s retention bonus was approximately 15% of his bonus opportunity. Additional information concerning the retention bonuses paid for 2007 is set forth in Retention Bonuses beginning on page of this proxy statement.

Mr. Jordan s cash hiring bonus and new hire equity awards of options and restricted stock were not based on salary, are not part of his on-going annual compensation, and therefore are not reflected in the chart above. Additional information concerning those awards is at 2007 Practices for Mr. Jordan and Hiring Bonus beginning on pages and , respectively.

In setting the size of the major compensation components for 2007, the Committee considered the total compensation opportunity and mix of major components at the target levels. The mix of the major components, based on estimated target payout levels and assumed stock valuations, is summarized in the following table. The actual bonuses paid for 2007 were significantly lower than the target levels, and the final payout values of the equity awards will not be known for several years, but will have values significantly below target unless our stock price increases significantly over the remainder of the performance period. See Summary Compensation Table beginning on page for additional information concerning amounts paid or earned in 2007. Information is omitted for Mr. Glass, who retired early in 2007. Information for Mr. Mosby s annual bonus is based on his participation in the FTN bonus program, which superseded his participation in the corporate MIP when he joined FTN Financial in May.

2007 Mix of Major Compensation Components
Using Grant Date Target Levels and Stock Values

Officer	Salary	Annual Bonus	Retention Bonus	Options	PSUs	PARSAP	Total
Mr. Baker	17 %	21 %	NA	27 %	27 %	8 %	100 %
Mr. Jordan	25 %	25 %	NA	25 %	25 %	NA	100 %
Mr. Burkett	27 %	20 %	NA	20 %	20 %	13 %	100 %
Mr. Medford	11 %	73 %	7 %	4 %	4 %	NA	100 %
Mr. Mosby							
[Additional NEO(s)]							

The mix table shows that a major portion of executive compensation in 2007 is tied to company performance. Annual bonus and the PSU awards are directly at risk based on corporate performance. Options have no value unless our stock price increases above the grant price. The vesting of PARSAP shares accelerates only if pre-determined corporate performance is achieved; otherwise, vesting does not occur until 2015.

Base Salary

Consistent with our practices and our compensation philosophy, the Committee establishes our CEO s base salary annually based on achievement of objectives in his individualized written personal plan and competitive practices within the industry. 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.

For executive officers other than our CEO and Chairman of the Board, the Committee approves base salaries each year taking the CEO s recommendations into account.

Early in 2007 Mr. Baker was promoted to President and CEO, and Mr. Jordan was hired in the second quarter. Additional information concerning Mr. Jordan s compensation arrangement is provided under the heading 2007 Special Practices for Mr. Jordan beginning on page .

Salaries of the other named executives in 2007, including Mr. Mosby but not Mr. Glass, were increased about 3% over 2006 levels, in line with the average increase for other employees for 2007.

Annual Cash Bonus under MIP

The final bonus paid to each executive officer for the year under our 2002 Management Incentive Plan, as amended (MIP), is based on a formula that is approved by the Committee in February of that year. In general, each final MIP bonus is based on achievement of company or business unit financial targets. The Committee may determine to exclude certain items such as accounting changes and certain other non-recurring events. MIP bonuses can be further reduced based on individual performance, especially failure to perform under the particular executive s personal plan for the year; however, the Committee generally does not take personal plan results into account for the CEO because his bonus is driven by corporate results.

In addition, the Committee may approve executive bonuses outside of the MIP. Some non-MIP bonuses were approved for 2007 for some of the named executive officers; those are discussed under the headings Retention Bonus and New Hire Bonus beginning on pages and , respectively.

The target and maximum annual cash bonus amounts for corporate executives were determined in relation to salaries, and those of business line heads are driven by business line earnings, as described in Relative Sizing and Mix of Major Compensation Components beginning on page .

Corporate Named Executives

The annual bonus opportunities for Mr. Baker and Mr. Jordan under the MIP depended first upon the achievement of pre-determined adjusted earnings per share (EPS) growth levels for the company, and second upon our EPS growth performance relative to the Peer Banks, all as indicated in the following table. EPS growth was to be measured against a targeted 6% EPS growth rate over prior-year adjusted EPS of $2.79, which was expected median performance for the Peer Banks.

Corporate Annual Bonus Performance Goals & Peer Bank Adjustment Factors

STEP ONE: Calculation of Corporate Rating Bonus Percentage		**STEP TWO: Adjustment to Bonus Percentage Based on EPS Growth and Peer Ranking**			
			And if EPS Growth Percentile Relative to Peers is:		
EPS Growth Goal	**Corporate Rating Bonus Percentage (% of Target)**	**If Actual EPS Growth Performance is:**	**>75th**	**25th 75th**	**<25th**
			Then the Bonus Percentage is increased or reduced by:		
10.5%	150% (max)	10.5%	0	0	50%
6%	100%	6%	+25%	0	25%
0%	0%	0%	+50%	0	0

The MIP bonus for a corporate executive is calculated using the two steps outlined in the table. The percentages were established with a goal of providing target bonuses for achieving growth at the median of Peer growth and maximum payout for achievement at the expected level of top-performing Peers. Percentages are interpolated on a straight-line basis between the performance levels shown. The adjustments in the second step are expressed as percentages of target. Positive adjustments cannot increase the indicated bonus above the maximum level of 150% of target. Low bonus amounts caused by low EPS growth outcomes are increased if relative performance is high, and high bonus amounts caused by high EPS growth outcomes are reduced if relative performance is low.

All calculated bonus amounts are subject to discretionary reduction by the Committee. The MIP does not restrict Committee discretion except that the final bonus may not be higher than the calculated amount. The Committee exercised discretion to reduce the 2007 bonus amounts for due to the financial performance of the company.

The 2007 corporate annual bonus (Corporate Rating) grid, including the Peer Bank adjustment factors, was developed during the 2006-7 comprehensive review and in collaboration with management and the Committee s consultant,

Cook. EPS growth was selected as the primary performance measure for the annual bonus and performance stock unit awards for two reasons: (1) awards driven by EPS growth generally align the interests of the executives to those of shareholders; and (2) our market analysis revealed that EPS measures were prevalent as performance measures among our Peer Banks.

Our EPS in 2007, after making all adjustments, was less than $2.79. Accordingly, the Corporate Rating was 0% and all annual bonus amounts subject to adjustment based on the Corporate Rating grid were zero in 2007 with the exception of Mr. Jordan whose 2007 annual bonus was guaranteed to be at least target per his employment offer.

[Possible additional disclosure related to additional NEO(s)]

Business Line Named Executives

The named executives whose regular annual bonuses were driven by business line results include Messrs. Burkett, Medford, and Mosby. All such bonuses are covered by the MIP other than Mr. Mosby, who is an FTN business unit officer but not a business line head and is no longer an executive officer

of the parent company. The 2007 MIP bonus opportunities for the business line heads, excluding Mr. Medford, were based on business line growth in pre-tax earnings as shown in the following table; 60% of the bonus was based entirely on pre-tax earnings growth, and 40% was based on a combination of that growth along with the Corporate Rating determined in Step One of the grid used for corporate executives, discussed immediately above. The 2007 annual bonus opportunities for Messrs. Medford and Mosby were based on the FTN bonus pool program, which is driven by absolute business line earnings achieved, rather than earnings growth, and is not affected by the Corporate Rating.

Annual Bonus Opportunity for Mr. Burkett

	Business Line Earnings Growth Goals	**Estimate of Goal Performance against Peers**	**Base Amount for Bonus Calculation***	**Calculated Bonus Range Before Discretionary Adjustment****
Retail/ Commercial Banking *(Mr. Burkett)*	10.5 %	75th percentile	$ 1,174,000	$ 704,400
				$ 1,408,800
	7 %	median (target)	$ 524,000	$ 314,400
				$ 628,800
	0 %	threshold	$ 0	$ 0

* The bonus calculation method is discussed immediately below.

** Calculated bonus amounts are subject to reduction at the discretion of the Committee.

The retail/commercial banking business line bonus is the sum of two parts: (1) 60% of the applicable Base Amount; plus (2) 40% of the Base Amount multiplied by the Corporate Rating. This 60/40 split provides for the majority (60%) of the bonus to be paid based on results of the unit managed by the executive while linking a significant amount (40%) to overall corporate results. The Corporate Rating is the one determined for the corporate executive bonuses, and ranges from 0% to 150%. Calculated annual bonus amounts are interpolated on a straight-line basis between the performance levels shown. As a result, each banking MIP bonus is 60% based entirely on business line performance, and 40% based on business line performance with an adjustment factor for overall corporate performance. If the Corporate Rating is at its target level (100%), then the bonus (before any discretionary adjustment) would be the Base Amount.

The retail/commercial banking business line annual bonus grid was developed to provide a direct incentive for the head of the business unit to achieve or exceed the pre-tax earnings targets specified in the table above for his unit, coupled with a significant but not predominant linkage to overall corporate performance. The grid was designed to provide median pay (relative to the Peer Companies) for achieving the earnings targets and 75th percentile pay for significantly exceeding the earnings targets.

In 2007 business line results for the banking unit showed negative earnings growth. Accordingly, the annual MIP cash bonus for Mr. Burkett was zero. Mr. Mosby s annual bonus is determined and paid as part of the Capital Markets bonus pool for managers (the Capital Markets Pool). The Capital Markets Pool each year is 24% of the capital

markets business line net profits plus, to the extent that net profits exceed a 35% return on expense, an additional 10% of any such excess amount of net profits. As a result, all capital markets managers have a significant incentive to increase net profits while holding expenses down. Mr. Medford, as president of FTN, exercises discretion regarding how the Capital Markets Pool is to be divided among all eligible managers, including Mr. Mosby.

Mr. Medford s annual bonus is paid under the MIP, which is administered and controlled by the Committee, but is linked to the Capital Markets Pool, as explained below. The Committee imposes the following terms and restrictions on Mr. Medford s annual bonus:

Mr. Medford s annual bonus reduces the size of the Capital Markets Pool available for other managers.

The total of Mr. Medford s annual bonus plus his salary cannot exceed 15% of the Capital Markets Pool.

As the head of the capital markets business, Mr. Medford reviews business line results and the Pool, determines allocations of the Pool among eligible managers in order to support business line objectives, and makes a recommendation concerning his own annual bonus. The Committee has determined that his recommendation concerning his bonus is subject to review by our Chief Executive Officer, Mr. Baker, and subject to review and approval by the Committee. Moreover, under the MIP, the Committee can restrict or reduce Mr. Medford s annual bonus in its discretion at any point in the process.

To the extent that Mr. Medford s approved annual bonus from the Pool had exceeded $4 million, the

excess would have been paid in the form of special performance restricted stock units (PRSUs). Any PRSUs would have been awarded under our 2003 Equity Compensation Plan rather than under our MIP. The Committee presently expects to make supplemental awards in those years when the annual bonus exceeds a specified dollar amount. Additional information concerning the 2007 PRSU award appears under the heading Special PRSU Opportunity beginning on page of this proxy statement.

The annual bonus Pool for capital markets managers has been used by FTN for many years and is intended to be competitive with industry practice. The restrictions upon Mr. Medford s bonus effectively tie his bonus to the Pool, providing a direct link between his compensation (both the bonus and his salary) and the performance of his business unit. For the past two years, Pool funding has been limited and Mr. Medford has used the portion for his bonus to retain key managers in his business unit including, in 2007, Mr. Mosby. As a result, Mr. Medford s bonus from the Pool was zero in 2005 and 2006. His bonus for 2007 was .

Retention Bonuses

The Committee approved the following retention bonuses to two of the named executives: Mr. Medford, $379,000; and Mr. Mosby, $51,000. Retention bonuses were paid in March 2007, but were subject to forfeiture and repayment if the recipient left our employment within twelve months following payment of the bonus (other than for death, disability, or approved retirement).

In early 2007 management recommended to the Committee that retention bonuses be paid to certain key executives. With the recent shift in leadership following Mr. Glass retirement and the unique market conditions the company was facing, which contributed to no funding of regular bonuses under the annual bonus program, Mr. Baker felt it was imperative to provide an immediate retention mechanism for key members of the leadership team. The retention bonus for Mr. Mosby was set at 15% of his 2006 salary. The 15% level reflected the Committee s judgment regarding what bonus level would be appropriate to accomplish the purposes outlined above. Management consulted with Mercer about the 15% level in formulating a recommendation to the Committee, but no formal statistical analysis or benchmarking was done.

Mr. Medford s retention bonus was set at the 15% of the capital markets annual incentive managers bonus pool that he would have earned for 2006 if the funds in that pool had not been used to retain key managers. The Committee s purposes in paying Mr. Medford a retention bonus were the same as those for the other retention bonus recipient mentioned above.

Hiring Bonus

Mr. Jordan s offer provided for a hiring bonus consisting of cash and equity. The cash portion of the bonus was $100,000, and the equity portion was deemed to have a total value of approximately $2.4 million. (Like all other equity awards, the actual values realized by Mr. Jordan may prove to be higher or lower than the values used by the Committee to determine the size of the awards.) Similar to the retention bonuses, Mr. Jordan s hiring bonus is subject to forfeiture and repayment if he voluntarily leaves our employment within twelve months following payment of the bonus. The hiring bonus is separate from any bonuses payable under the MIP.

The hiring bonus was provided to Mr. Jordan to replace equity compensation forfeited as a result of leaving his former employer and to provide an incentive for him to join FHNC. The mix of options, restricted stock, and cash took into account the type of awards he was forfeiting, their vesting schedule,

and the in-the-money value of stock options. Additional information concerning the hiring bonus is provided in the Compensation Components in 2007 table on page .

Equity-Based Compensation

Objectives of 2007 Equity-Based Awards

The primary objectives of all equity-based compensation awarded in 2007 were to:

- align an important component of management compensation with our stock s market value and, therefore, to motivate managers to achieve overall corporate results that will positively impact that market value and thus our shareholders value;
- retain valuable managerial talent;
- attract new managerial talent; and
- reward management for the collective results of their efforts.

In addition, PSU awards granted during 2007 created specific performance incentives, which were expressly intended to motivate senior management to achieve those performance goals, in addition to the more general objectives mentioned above. Details of those performance objectives are described under the caption Performance Stock Units beginning at page of this proxy statement.

Overview of Equity-Based Awards in 2007

In 2007, the long-term incentive program was simplified and we granted only two basic types of equity-based awards to executives: stock options and PSUs.

In addition, stock options and restricted stock were awarded as the equity part of a hiring bonus paid to Mr. Jordan.

Timing and Pricing of Regular Annual Equity Awards

In 2007 the Committee granted the regular annual equity awards at its regular meeting in April, and the Board approved certain special hiring awards for Mr. Jordan at a special meeting in April.

For the regular annual grants, the Committee first determines the recipients and dollar values of awards as described under the heading Relative Sizing and Mix of Major Compensation Components beginning on page . Our shareholder-approved equity plans are written so that the effective date of each option grant determines the exercise price of the option (closing stock price on the grant date) and its vesting and expiration dates. Moreover, the number of PSUs granted to each person is determined by dividing the market value on the grant date into the dollar value of the grant.

Our regular annual equity awards for many years, including 2007, have been granted in the early part of each year. In 2007 the grants were approved by our Compensation Committee at the April meeting, and were effective three days after that meeting. For many years the effective date of each grant has been either the date of the Committee meeting at which the grants were approved, or (as in 2007) a specified date shortly after the meeting date. In 2007 the effective date was set shortly after earnings were announced in April, consistent with past practice. A specified later date typically has been selected by the Committee whenever the Committee meeting date has occurred shortly before, or on the same day as, a planned quarterly earnings announcement. The effective date therefore occurs after the announcement so that the stock market has had an opportunity to take the announcement into account before the price of the option is set.

PSU Awards

Overview

Consistent with competitive practice, the Committee annually grants PSU awards with a three-year performance period. The financial goals are established at the beginning of each performance period, are company-wide in focus and uniform for all executives. Since the grants are annual, company results

in any given year can affect up to three outstanding awards. The PSU program grew out of the 2006-7 review of executive compensation and a desire to simplify equity awards.

The PSU program provides an incentive for executives to achieve certain financial results over a period longer than the annual bonus program and links a significant portion of each executive s pay to overall corporate results irrespective of the business unit in which they work.

Each PSU represents one share of stock. The total number of PSUs granted to any person represents the payout if the target levels of performance are achieved; actual payout may be higher or lower than target. Each 2007 PSU covers the three-year performance period 2007-2009 and is paid (if at all) shortly after the end of the performance period. Each PSU is payable in stock or, if the Committee so determines, in cash based on the value of a share of our stock at the time of payout. The total value paid therefore depends on (i) the number of PSUs granted, (ii) the percentage of PSUs earned based on achievement of the performance targets, and (iii) the value of our stock at the time of payment.

Targets and Performance Criteria

The targeted number of shares is determined as follows: (a) competitive market data and internal equity are reviewed to set a total long-term incentive target dollar amount for each executive position (b) half of the long-term incentive dollar amount is awarded in stock options and half is awarded in PSUs. The 50/50 split is to balance the use of stock options (with value driven by stock price increases over a 7-year period) with a performance-based plan which provides value through achievement of specific financial results over a 3-year period. This combination of PSUs and stock options provides a program where all of the long-term opportunity is subject to achieving results which drive shareholder value with an equal emphasis on company financial performance over the near term (3 years) and longer term (7 years).

For the 2007 grants, the Committee approved EPS growth as the key metric because of its correlation with delivery of shareholder value. In addition, a look-back feature is included at the end of the performance period to ensure the final payout is consistent with the total return received by our shareholders (TSR) during the 3-year performance period (i.e., low TSR reduces payout and high TSR increases payout).

The payout percentage of our 2007 PSU awards will be as indicated in the following table. (See Use of Peer Group Data beginning on page above for information about the Peer Banks.) EPS growth for 2007 is to be measured against a threshold EPS set at $2.79. EPS reported in our financial statements must be adjusted in the same manner as the executive annual bonus program.

PSU Performance Goals & Peer Bank Adjustment Factors

STEP ONE: Calculation of Preliminary PSU Payout Percentage		**STEP TWO: Adjustment to PSU Payout Percentage Based on Total Shareholder Return (TSR) Peer Bank Ranking (2007-2009)**				
			And if TSR Percentile Relative to Peers is:			
Average Annual Diluted EPS Growth Goal* (2007-2009)	**Preliminary Payout as a Percentage of Target PSUs**	**If Actual EPS Growth Performance is:**	**>75th**	**25th**	**75th**	**<25th**
			Then the Payout Percentage is increased or reduced by:			

12%	200% (max)	12.%	0	0	50%
8%	100%	8%	+25%	0	25%
0%	0%	0%	+50%	0	0

The PSU payout percentage is calculated using the two steps outlined in the table. The percentages were established with a goal of providing target bonuses for achieving growth at the median of Peer growth and maximum payout for achievement at the expected level of top-performing Peers. Percentages are interpolated on a straight-line basis between the performance levels shown. The adjustments in the second step are expressed as percentages of target. Positive adjustments cannot increase the indicated payout percentage above the maximum level of 200% of target. Low bonus amounts caused by low EPS growth outcomes are increased if relative performance is high, and high bonus amounts caused by high EPS growth outcomes are reduced if relative performance is low.

PSUs accumulate dividend equivalents prior to payout, which are paid in proportion to the shares that vest. All PSU payout amounts are subject to discretionary reduction by the Committee.

Other Information Concerning Long-Term Incentives

We cannot predict the degree to which the 2007 PSU awards eventually will be earned nor their value if and when paid. As a result of actual three-year (2005-2007) performance compared with our performance standards established in 2005, all LTIPs granted in 2005 were forfeited as were all LTIPs granted in 2003 and 2004.

Hiring Bonus Equity Award

Mr. Jordan s offer letter specified that he was to receive a hiring bonus package consisting of cash and equity. See Hiring Bonus beginning on page for information concerning both the cash and the equity portions.

Special One-Time Equity Grants

Over the past several years, special one-time grants of stock options, restricted stock and PSUs have been made on a very selective basis. In 2007, only one named executive officer, Mr. Jordan, received such a grant, as discussed previously.

Special, supplemental grants are made on a selective basis in the case of a substantial promotion at the executive level when the Committee deems it appropriate to provide competitive compensation at that next level of management and to emphasize equity and long-term incentives rather than focusing only on a base salary change. These grants are intended to reinforce the importance of increasing shareholder value and recognize the impact of the new position on creating long-term value for First Horizon.

Deferral Plans and Programs

Objectives, Scope, and Practices

For many years we have offered many employees and directors the means to manage their personal tax obligations associated with their compensation from First Horizon through various nonqualified deferral plans and programs. Although personal tax management is our primary objective in providing this benefit, an important secondary objective is to encourage our senior personnel to save for retirement. We also provide this benefit in order to remain competitive in retaining talent and seeking new talent to join us.

During 2007, the plan under which the named executive officers and directors could elect to defer receipt and immediate taxation of earned cash compensation was the First Horizon National Corporation Nonqualified Deferred Compensation Plan. For executives, the types of compensation that could be deferred included salary and annual bonus. Amounts deferred under that plan earn at-market returns indexed to the performance of certain mutual funds selected by the participant.

Directors and Executives Deferred Compensation Plan (1985 D&E Plan)

From 1985 to 1995, non-employee directors and executive officers were able to defer fees, salary, and bonus under the 1985 D&E Plan. Although new deferrals have ceased, interest continues to accrue on older accounts. The 1985 D&E Plan in the past accrued interest at rates ranging from 17-22 percent annually. In 2007 that rate was reduced to 13 percent except for participants who retired before 2004 with a contractually fixed rate. For those retiring after 2004, tax rules require that whatever rate is in effect for a person at retirement cannot be changed after retirement. Certain non-employee directors and one named executive officer, Mr. Glass, have old accounts under the 1985 D&E Plan and received interest accruals under it in 2007. [Possible additional disclosure related to additional NEO(s)]

The 1985 D&E Plan rates are considered above-market in 2007 under SEC proxy disclosure rules, and the above-market portion of earnings under the Plan is so reported in the Summary Compensation

Table on page for Mr. Glass. The 1985 D&E Plan s above-market interest motivates participating executives to remain with First Horizon until normal retirement (or until early retirement with the Committee s permission), and to refrain from joining a competitor after retirement, because each account is subject to retroactive re-calculation of the account balance using a guaranteed rate based on 10- year Treasury obligations if an executive terminates service prior to a change-in-control for a reason other than death, disability or retirement, or if an executive joins a competitor after leaving First Horizon. In most cases, any such re-calculation would result in a complete elimination of the account s value.

Other Compensation

Broad-Based Plans and Programs (Other than Retirement)

First Horizon provides a benefit package in line with competitors as described below. This allows all employees to receive certain benefits such as healthcare which are not readily available to individuals except through their employer and allows employees to receive a certain benefit on a pre-tax basis.

Other Benefits and Perquisites

First Horizon provides benefits in line with those offered to other executives in our industry. We provide them to remain competitive in retaining talent and seeking new talent to join us. The following benefits are provided, all of which are available to a broader group of employees beyond executive-level officers:

Healthcare, dental, vision, accident subject to the executive paying the same premiums as all other employees

Flexible benefit dollars same benefit percentage (3.2% of salary) available to all employees and capped at IRS limits

Regular life and disability insurance same benefits as provided to a broader group of employees, subject to standard limits

Executive Survivor Benefit Plan provides a benefit of 2.5 times base salary if death occurs during service, reduced to 2 times salary if death occurs following departure due to disability or retirement; benefit is provided to about 1,000 employees, including all named executive officers, based on salary grade; this plan is provided as an alternative to the plan available to all employees due to the caps in the insurance coverage available under that plan.

Executive disability plan for the top tier of covered employees, which includes all executive officers, this plan provides up to 75% of monthly pay (including base salary, bonus,

commissions and incentive compensation) less the $25,000 per month maximum income replacement offered by our regular plan which is available to all employees; this plan provides a maximum benefit of up to $30,000 per month due to the caps in the insurance coverage available under the plan available to all employees.

Perquisites In 2007, we eliminated the payment of tax gross-ups related to certain perquisites and created caps for all other perquisites. Our goal is to offer perquisites that are customary (and therefore necessary to remain competitive) and, in some cases, that relate to business duties. Details of the perquisites we provided to our

executives in 2007 are discussed on page of this proxy statement in footnote (i) to the Summary Compensation Table. [Possible additional disclosure related to additional NEO(s)]

Retirement Benefits

We provide retirement plan benefits, discussed in this section below, that we believe are customary in our industry. We provide them to remain competitive in retaining talent and seeking new talent to join us.

401(k) Savings Plan

We provide all qualifying full-time employees with the opportunity to participate in our tax-qualified 401(k) savings plan. The plan allows employees to defer receipt of earned salary, up to tax law limits, on a tax-advantaged basis. Accounts may be invested in a wide range of mutual funds and in our common stock. Up to tax law limits, we provide a 50% match for the first 6% of salary each participant with at least one year of service elects to defer into the plan. In 2007, matched contributions were initially invested in First Horizon stock, but could be re-invested in other available mutual funds at the participant s election.

Our 401(k) plan was established many years ago. Beginning in 2008, participants are no longer required to invest in company stock to receive a match. No other substantial changes to the match or basic plan structure were made in 2007.

Pension Plan

Our Pension Plan is a traditional broad-based pension plan that provides for a defined benefit to be paid to eligible employees upon retirement. The benefit is based upon a participant s average base salary for the highest 60 consecutive months of the last 120 months of service, years of credited service, and social security benefits (under an offset formula). Benefits are normally payable in monthly installments after age 65. Tax laws limit the qualifying salary that can be used, and thus the benefit that can be paid, under the Pension Plan to a dollar amount that is adjusted each year for inflation. The formula works in a traditional manner so that longevity with our company is rewarded.

No substantial changes to the basic plan structure were made in 2007 with respect to existing employees; however, employees hired after August 31, 2007 are not eligible to participate.

Pension Restoration Plan

Our Pension Plan is subject to certain dollar limitations on qualifying compensation and benefits imposed by the tax laws. Our pension restoration plan provides a restorative benefit to all of the executive officers, including all of the named executive officers, and other employees approved by the CEO on a case by case basis so that the combined pension and restoration benefit is calculated as if those tax limitations did not exist. The pension and pension restoration plans thus generally operate as a single plan in terms of defining the pension benefit payable to executives. This plan is provided due to the IRS caps on qualified pension plan benefits.

Other Post-Employment Benefits

Change in Control Benefits Generally

Over the past 20 years the financial services industry has experienced an extraordinary period of consolidation as old legal barriers, which prevented multi-state banking and which restricted the business lines in which bank holding companies could engage, have been abruptly relaxed. Although the new legal environment has created substantial business opportunities for us and for many of our competitors, it has also created substantial personal uncertainties for officers and many levels of employees at all but the very largest financial services organizations. Our change in control (CIC) severance agreements and CIC plan features were first put in place a number of years ago in response to these uncertainties.

Our CIC potential costs are reviewed annually, and our CIC program is reviewed every three years (most recently in 2006). In that most recent review, the Compensation Committee s consultant, Cook, provided information and advice concerning industry practices, including best practices and emerging trends. Legal counsel is also engaged as needed. Industry information is not limited to the Peer Banks or Peer Companies used for bonuses and long-term incentives, since we seek to follow best practices. As a result of the most recent review, several substantive agreement provisions

and plan features were altered in early 2007. We adjusted the change in control (CIC) arrangements in our plans and severance agreements based on the emerging best practices advice of a nationally-recognized law firm and a review of competitive practices within the banking industry provided by Cook. See Other

Post-Employment Benefits beginning on page for additional information about our CIC arrangements.

We moved all elements to a double-trigger standard, which means that in order for the applicable CIC benefit to be paid, a CIC event must occur *and* the officer must be terminated by us without cause or by the executive due to a significant reduction in job responsibilities or compensation opportunity.

The CIC severance benefit previously was calculated based in part upon target-level bonuses. As changed, the calculation is now based in part upon recent actual bonuses.

Welfare benefits under our severance agreements were reduced.

The old excise tax gross-up feature was modified, requiring a reduction in the CIC severance payments if such a reduction would eliminate excise tax liability. The reduction cannot exceed the greater

of 5% or $50,000. If the reduction cannot eliminate the excise tax, then the tax gross-up feature will apply.

Non-disparagement, cooperation, and non-solicitation covenants have been included in the CIC severance agreements.

In order to encourage officers to agree to the new terms, a provision was added to our Pension Restoration Plan, for those persons who sign new CIC severance agreements, to continue to accrue age and service credit under the Pension Restoration Plan during the CIC agreement severance period if the executive is at least 50 years of age and has at least 10 years of service upon termination following a CIC event.

CIC changes to equity plans will be phased in over an extended period. Although plans have been amended, outstanding awards continue to be governed by former provisions for legal and tax reasons. In

addition, we have no right to compel executives who previously entered into old CIC severance agreement forms to agree to the new terms.

Change in Control Severance Agreements

At the end of 2007 we had change in control severance agreements with all of our named executive officers except Mr. Medford. Although not employment agreements, the change in control severance agreements provide significant benefits if employment is terminated in connection with a change in control event. Additional information about these contracts is provided under the caption Change in Control Severance Agreements in the Change in Control section beginning on page of this proxy statement.

The primary objectives of our severance agreements are: to allow us to compete for executive talent during normal times; and, if a change in control situation were to arise, to motivate our executive team to remain with First Horizon, focused on company objectives, during the pursuit, closing, and transition periods that accompany nearly every change in control transaction in our industry.

Change in Control Features Under Other Plans and Programs

Under many of our plans and programs, a change in control event will cause benefits to vest, be paid, or be calculated and paid at target or maximum levels. Details of those change in control features are discussed under the heading Change in Control beginning on page of this proxy statement.

The main objective of these features is to allow our company to offer competitive compensation packages so as to attract and retain top talent in an industry where consolidation continues at a robust pace. In 2007, after a review of all change in control features in our plans and programs, we amended our plans to provide a double-trigger standard, which means that in order for the applicable benefit to be paid a change in control event must occur *and* the officer must be terminated or experience a significant job reduction. The amendments to those plans were put in place in 2007. However, for plans that provide for awards, the amendments apply only to new awards granted after the amendment; old awards generally were not amended due to legal, tax, and accounting concerns.

Special Retirement Agreements

On occasion in the past the Compensation Committee has approved entering into special severance arrangements with some of our retiring executive officers. Those agreements are negotiated with each

individual retiree and have varied considerably. Generally they have involved officers as to whom First Horizon desires a non-competition/non-solicitation covenant and other legal restrictions. Those restrictive covenants typically have had two to three-year terms. In order to induce a retiring officer to agree to those restrictions, First Horizon generally offers certain benefits which the retiree normally would not receive. In the recent past, those benefits have included pro-rata vesting of conventional and PARSAP restricted stock that otherwise would be forfeited, partial retention of long-term equity-based incentive awards that normally would be forfeited, waiver of up to 5 years of the age discount when determining non-qualified pension benefits, cash payments, and certain perquisites. The long-term incentive awards typically are prorated based on the years of the applicable performance period that the retiree worked, but remain subject to satisfaction of all applicable performance requirements. Cash payments typically are a specified number of months of salary, a percentage of bonus target or a retention of bonus opportunity, and/or some other severance-oriented amount. The only perquisites have been post-retirement office space and administrative assistance. This perquisite has in the past been provided to certain retired CEOs and, in one instance, to a retired business line head.

Our executives do not have employment agreements, and we have no obligation to provide anyone with a special retirement arrangement. When such an arrangement is provided, the terms vary with the circumstances. We believe such an arrangement can be a useful tool in those situations where a non-competition covenant or other legal restriction is desirable, or in recognition of long and valued service to the company, and we intend to consider using them in the future in those situations that are appropriate.

In 2007 we entered into a special retirement agreement of the sort discussed above with our former CEO, Mr. Glass, who retired in 2007. Our primary objective for entering into Mr. Glass s agreement was to recognize his service to the company and to promote an orderly management succession process for the company. Additional information concerning Mr. Glass s agreement is provided under the heading Special Retirement Agreement with Mr. Glass beginning on page of this proxy statement.

[Possible additional disclosure related to additional NEO(s)]

Special Retirement Agreement with Mr. Baker

In 2004, we entered into an agreement with Mr. Baker, who was then the head of our mortgage business, relating to his years of credited service under our Pension Plan. At the time of this agreement, Mr. Baker began reporting directly to our Chairman and Chief Executive Officer, and was designated by the Board as an executive officer of First Horizon.

The agreement provides for an increase in Mr. Baker s years of credited service for pension purposes equal to the six years he served with our mortgage company subsidiary. Our mortgage company does not participate in our Pension Plan, and those six years otherwise would not have been counted.

The supplemental agreement was intended to provide a transition for Mr. Baker from our mortgage division s traditional bonus plan to our management plan used for executive officers. When Mr. Baker became an executive officer in 2004, his annual cash bonus previously was determined based on business unit results, in a traditional manner consistent with our understanding of industry practices. The bonus opportunity offered under the 2002 Management Incentive Plan was significantly less than that provided under mortgage industry norms. Given Mr. Baker s tenure with the Corporation at that point and expected retirement age, the Compensation Committee and Mr. Baker agreed that this adjustment in his years of service adequately compensated Mr. Baker for giving up his expectations under our traditional mortgage division bonus arrangement.

Compensation Committee Report

The Compensation Committee Report is located on page of this proxy statement under the caption The Compensation Committee.

Recent Compensation

Summary Compensation Table

The Summary Compensation Table which appears below provides compensation information about the following persons: Mr. Baker, who served during 2007 as our CEO; Mr. Jordan, our Chief Financial Officer (CFO); and Messrs. Burkett, and Medford, who are our three most highly compensated executive officers at year end 2007 other than Mr. Baker and Mr. Jordan. Also included are Mr. Glass, who retired as our CEO in January 2007, and Mr. Mosby, who made a lateral move within the organization in May 2007 [Possible additional disclosure related to additional NEO(s)]. All of the named officers are or were officers of both First Horizon and the Bank.

Executive compensation for 2007 continued to be largely based on First Horizon s financial performance. Annual bonuses for Messrs. Baker, Burkett, Glass and were $0. Payout from our long- term incentive program (LTIP) was $0 for all executive officers, as it was in the previous year. In 2007, Mr. Jordan was paid a hiring bonus to replace compensation forfeited as a result of his leaving his former employer, and his 2007 bonus was guaranteed at target. Four of the named executives received retention bonuses in 2007 to ensure leadership continuity during management restructuring, and three of the named executives were paid bonuses for 2007 under the Management Incentive Plan. No bonus was paid to our CEO.

The amounts shown in the table include all compensation earned in 2007, including amounts deferred by those persons for all services rendered in all capacities to us and our subsidiaries. If the 2007 named officers were also named officers in 2006, their 2006 earned compensation is also included. For named officers, information on 2007 compensation as an officer or employee is provided if the individual served during any portion of the year as an executive officer. Additional executive compensation information is provided in tabular form in the following pages. A discussion and analysis of our compensation objectives and rationale, along with information on compensation of directors, is located in the Compensation Discussion and Analysis and Director Compensation sections of this proxy statement beginning on pages and , respectively. No named officer who served as a director was compensated as a director of First Horizon or the Bank.

Summary Compensation Table

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Stock Awards ($)**	**Option Awards ($)**	**Non-Equity Incentive Plan Compensation ($)**
G.L. Baker*	2007	$ 790,731		$ 43,152	$ 610,778	
Pres & CEO	2006	$ 698,173		$ 101,321	$ 162,231	
D.B. Jordan**	2007	$ 422,500	$ 750,000	$ 262,866	$ 257,549	
EVP & CFO						

C.G. Burkett	2007	$ 700,231		$ 238,410	$ 135,036	
Pres TN & Nat l Banking	2006	$ 673,654		($185,043)	$ 98,368	$ 564,001
M.A. Medford	2007	$ 617,885	$ 379,000	$ 27,365	$ 58,970	
Pres FTN Financial						
J.K. Glass*	2007	$ 920,331		($1,989,391)	$ 482,939	
Former Chr of Bd,	2006	$ 939,692		$ 299,220	$ 986,056	
Pres & CEO						
M.L. Mosby**	2007	$ 441,577	$ 51,000	$ 121,858	$ 63,211	$ 236,000
Former	2006	$ 338,461		($101,330)	$ 43,345	
EVP & CFO						
[Additional NEO(s)]						

* Mr. Glass retired as Chairman of the Board, President and CEO on January 29, 2007. On that date, Mr. Baker, who had been Chief Operating Officer, was appointed President and CEO.

** Mr. Mosby ceased to serve as CFO effective May 1,

2007, and became an officer of FTN Financial. Mr. Jordan was appointed CFO effective May 1, 2007. Information for Mr. Mosby relates to all positions held during the years indicated.

Details concerning information in certain of the columns are presented in the following paragraphs:

(c) *Salary Deferrals*. There were no deferrals of the salary amounts included in column (c) during 2007.

(d) *Bonuses*. Regular annual cash bonuses are payable under the 2002 Management Incentive Plan (FTN Financial Bonus Plan for Mr. Mosby). They constitute non-equity incentive plan compensation and are therefore reported in column (g). The amounts reported in column (d) for 2007 include the cash portion of a hiring bonus and a guaranteed bonus paid to Mr. Jordan. [Possible additional disclosure related to additional NEO(s)] In February 2008, Mr. Jordan s hiring bonus was paid in a combination of cash and equity; the full amount is included in this column.

(e)/(f) *Accounting Expense Values*. The dollar values associated with awards shown in columns (e) and (f) reflect the accounting expense during each year shown, and are only partially related to awards granted during the year.

Those accounting expenses are based on values determined as of the grant date of each award using the same assumptions, valuation method, and amortization method used for accounting purposes in our financial statements. The accounting valuation method makes several assumptions about the growth and volatility of our stock value, the expected actual duration in the case of options, vesting, forfeiture, and other matters. The amortization method makes further assumptions concerning the expected vesting and duration of the awards. A discussion of those assumptions and methods appears in our 2007 Annual Report. Actual future events may be substantially inconsistent with those assumptions.

In most cases the total value of an award is amortized over more than one year. In those cases the amount amortized in a single year is only a portion of the total accounting value of the award, and the amount shown in the Summary Compensation Table for that award type often represents the sum of several such portions for several awards granted over several years.

In addition, events may occur which, under the accounting rules, result in a negative expense. Forfeiture is one such event. The amounts shown in the Summary Compensation Table in some cases reflect a netting of positive and negative expenses. A negative number appears if the negative expenses were larger than the positive ones.

For all those reasons, the actual values realized by an award holder may, and often will, differ substantially from the accounting values reflected in columns (e) and (f).

(e) *Stock Awards*. Column (e) includes the accounting values of conventional stock options, restricted stock, PARSAP shares, and performance share units (PSUs) expensed during the year indicated. Except for a small amount of dividend earnings, these amounts do *not* represent amounts paid or earned; they are simply the values attributed to awards under the applicable accounting rules, amortized over specific periods as required by those rules.

PARSAP Shares (Discontinued in 2007). Our practice has been to grant PARSAP shares every three years. PARSAP shares vest in 10 years, however vesting can be accelerated if certain performance criteria are met. The performance and other features of the PARSAP awards are discussed in the PARSAP Awards section of this proxy statement beginning on page . Our last two regular PARSAP grants were in 2002 and 2005.

PSUs. For several years our long-term equity-based incentives have taken the form of PSUs. Prior to 2007, our PSUs were designated as LTIP awards. The terms of 2007 PSUs differ somewhat from LTIP grants and the LTIP designation has been discontinued. All PSUs are performance-based, meaning that eventual payout may be higher or lower than the accounting values used in the table above. The PSU payout may be zero. For example, the LTIP awards granted in 2003, 2004, and 2005 matured at the end of 2005, 2006, and 2007, respectively; the performance criteria were not met and the payout in each case was zero. Previous accruals related to those earlier LTIP awards were recouped resulting in negative accruals for fiscal years 2006 and 2007. Those negative accruals along with forfeitures due to retirements are reflected in column (e) as shown in the table below. The performance and other features of the 2007 PSU awards are discussed in PSU Awards beginning on page of this proxy statement.

Restricted Stock. A portion of Mr. Jordan s 2007 hiring bonus was paid in the form of restricted stock. Our practice of making regular annual restricted stock awards to executives ceased after 2006.

PRSUs. Mr. Medford received a special grant of performance restricted stock units (PRSUs) to supplement his 2007 annual bonus opportunity; those PRSUs were forfeited in 2008 because his calculated cash bonus

was less than the MIP annual limit. A promotional grant of 25,000 PRSUs to Mr. Baker is also included in column (e) for 2006. Those special PRSUs will vest and pay out in the same proportion (up to 100%) as Mr. Baker s average annual bonus payout relative to his target bonus over the three-year period 2006-2008.

Earnings. Column (e) also includes earnings (dividends) paid or payable during the year on all restricted and PARSAP shares that have not yet vested, regardless of when granted. Dividend equivalent amounts accrue on PSUs prior to vesting, but are paid only to the extent that the underlying PSUs vest and as such are not included in this column. No dividend equivalents accrue or are paid in respect of PRSU awards. The earnings amounts included in column (e) are reflected in the table below.

Negative Accruals and Dividend Earnings Included in Column (e)

Name	Negative Accruals		Dividend Earnings	
	2006	**2007**	**2006**	**2007**
Mr. Baker	$ (570,919)		$ 61,592	$ 61,592
Mr. Jordan				
Mr. Burkett	$ (570,919)		$ 64,364	$ 64,364
Mr. Medford				$ 1,928
Mr. Glass	$ (1,076,154)		$ 308,551	$ 106.007
Mr. Mosby	$ (311,407)		$ 32,665	$ 32,665
[Additional NEO(s)]				

Forfeitures in 2007. Some awards that affect amounts reported in column (e) were forfeited during 2007. Additional information concerning forfeitures of awards in 2007 is presented in Supplemental Disclosure Concerning Summary Compensation and Grants of Plan-Based Awards Tables beginning on page of this proxy statement.

(f) *Option Awards*. All column (f) amounts represent the amortized expense used for accounting purposes in our financial statements during each year shown associated with stock option grants in that year or prior years. This does not represent the compensation value to executives. The actual compensation value for most options will be determined by the degree to which our stock price exceeds approximately $40 per share. No stock appreciation rights (SARs) were awarded. Mr. Jordan received two distinct option awards on the same date at the same price in connection with his hiring: 180,000 hiring bonus options and 81,250 regular annual options. All other options shown are regular annual options except for the portion of his 2007 annual bonus paid in February 2008 in the form of stock options with immediate vesting and a premium exercise price of $25.

(g) *Bonuses*. This column represents the annual MIP payout made in 2008 for the 2007 plan year for all except Mr. Mosby. Mr. Mosby upon his transition to FTN Financial began participating in the FTN Financial Bonus Plan. The amount shown in this column for Mr. Mosby represents the amount earned under the FTN Bonus Plan based on business line net profits under a pool arrangement. Although our LTIP awards are incentive compensation, they are reported in column (e) rather than in this column. Of the bonus amounts included in column (g), no amounts were deferred into any of our qualified or nonqualified deferred compensation plans. Mr. Mosby also received a bonus payment following his move to Capital Markets under the FTN Financial plan.

(h) Column (h) includes changes in pension actuarial values and above-market earnings on nonqualified deferred compensation accounts. Changes in pension actuarial values are the aggregate increase during the year in actuarial value of all pension plans, both qualified and supplemental, for each named executive. Our Pension Plan and Pension Restoration Plan are designed to give employees an incentive to stay with First Horizon through their normal retirement age. As a result, most of the benefits are accrued during the last few years of their career. This is illustrated in the numbers shown in the table below. The amounts shown for Mr. Glass include waiver of an age discount upon his retirement. The actual expenses of these plans are determined using the projected unit credit actuarial method which spreads the cost over the entire career of each employee. The earnings on deferred compensation included in this column include all above-market interest accrued during the year, whether or not paid during the year. For this purpose, the Securities and Exchange Commission requires us to use one or more rates specified in certain Internal Revenue Service publications as the applicable market rate(s) in each situation. The amounts associated with each category are shown in the following table.

Changes in Pension Actuarial Value and Above-Market Earnings on Deferred Compensation for 2007

Name	Change in Pension Value	Above-Market Earnings on Deferred Compensation	Total Shown in Column(h)
Mr. Baker	$ 210,941		$ 210,941
Mr. Jordan			
Mr. Burkett	$ 162,453		$ 162,453
Mr. Medford	$ 71,576		$ 71,576
Mr. Glass	$ 1,453,089	$ 54,831	$ 1,507,920
Mr. Mosby			
[Additional NEO(s)]			

(i) Elements of All Other Compensation for 2007 consist of the following:

All Other Compensation for 2007

(a) Name	(b) Perquisites and Other Personal Benefits	(c) Tax Reimbursements	(d) 401(k) Plan Company Match	(e) Life Insurance Premiums	Total Shown in Column(i)
Mr. Baker	$ 32,875		$ 6,750	$ 12,737	$ 52,362
Mr. Jordan	$ 25,017			$ 1,223	$ 26,240
Mr. Burkett	$ 36,162		$ 6,750	$ 4,893	$ 47,805
Mr. Medford	$ 9,150			$ 2,165	$ 11,315
Mr. Glass	$ 35,109		$ 6,750	$ 4,355	$ 46,214
Mr. Mosby	$ 16,997		$ 5,267	$ 959	$ 23,223
[Additional NEO(s)]					

Details concerning information in certain of the columns in the All Other Compensation table are presented in the following paragraphs:

(b) Perquisites and Other Personal Benefits includes the following types of benefits: Flexible Dollars; Financial Counseling; Disability Insurance; Auto Allowance; Social Club Dues; and Relocation Allowance. Benefits are valued at the incremental cost to First Horizon. None of those benefit types individually exceeded $25,000 for any named person except for Glass ($26,800) for Financial Counseling in preparation for retirement. [Possible additional disclosure related to additional NEO(s)] Financial Counseling represents payments for the preparation of income tax returns and related financial counseling. Flexible Dollars represents First Horizon s

contribution to the Flexible Benefits Plan, based on salary, service, and wellness (wellness is based on completion of the annual company Health Risk Assessment). Disability Insurance represents insurance premiums with respect to our disability plan. Auto Allowance represents a cash allowance paid to certain executives in lieu of providing a company automobile and reimbursement of certain maintenance expenses. Social Club Dues represents annual dues for membership in a country club or other social organizations. Executives who use the club membership in part for business purposes may request reimbursement of 50% of the annual dues associated with club membership. In 2007 Relocation Allowance includes $21,017 in relocation expenses for Mr. Jordan.

(c) In the past, Tax Reimbursements represented tax gross-up payments on certain benefits. In late 2006 our Compensation Committee discontinued the payment of tax reimbursements on ordinary benefits. [Possible additional disclosure related to additional NEO(s)]

(d) 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. To the extent dollars from the Flexible Benefits Plan are contributed to the 401(k) Plan, they are included in column (b) rather than in column (d).

(e) Life Insurance Premiums represents insurance premiums with respect to our supplemental life insurance plan. Under our Survivor Benefits Plan a benefit of 2 1/2 times final annual base salary is paid upon the participant s death prior to retirement (or 2 times final salary upon death after retirement).

Grants of Plan-Based Awards

The following table provides information about regular annual grants of stock option and performance stock unit (PSU) awards granted during 2007 to the officers named in the Summary Compensation Table, as well as restricted stock awarded to Mr. Jordan as part of his hiring bonus and performance restricted stock units awarded to Mr. Medford as a supplement to his annual cash bonus opportunity. No stock appreciation rights (SARs) were granted to named executives during 2007. Our most recent regular performance-accelerated (PARSAP) restricted share awards were granted in 2005; no PARSAP awards were granted in 2007 and the PARSAP program has been discontinued.

For the purposes of the following table: the regular annual cash bonus opportunities under our Management Incentive Plan (MIP) (or FTN Financial Bonus Plan for Mr. Mosby) are considered to be Non-Equity Incentive Plan Awards ; PSUs and Mr. Medford s supplemental performance restricted stock units are considered to be Equity Incentive Plan Awards ; the restricted stock shares granted to Mr. Jordan as part of his hiring bonus are considered to be All Other Stock Awards , and stock options (including those granted to Mr. Jordan as part of his hiring bonus) are considered to be All Other Option Awards. The information is organized so that each row represents a separate grant of awards; a column for a row is blank if it does not apply to the type of award listed in that row. In 2007 Mr. Glass received no awards of the types reported in this table because he retired prior to the regular grant date for the year. Mr. Jordan s grant dates relate to his hiring in May 2007.

Grants of Plan-Based Awards in 2007

(a)	(b-1)	(b-2)	(c)	(d)	(e)	(f)	(g)
			Estimated Possible Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payo Equity Incentive Plan	
Name	Grant Date	Action Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)
Mr. Baker	Opt 4-20	4-17					
	PSU 4-20	4-17					32,500
	MIP 2-20	2-20		$ 1,000,000	$ 1,500,000		
Mr. Jordan	Opt 5-1	4-17					
	PSU 5-1	4-17					16,250
	MIP 5-1	4-13	$ 650,000	$ 650,000	$ 975,000		
	HRS 5-1	4-13					
	HOpt 5-1	4-13					
Mr. Burkett	Opt 4-20	4-17					
	PSU 4-20	4-17					13,200
	MIP 2-20	2-20		$ 524,000	$ 4,000,000		

Mr. Medford	Opt 4-20	4-17				
	PSU 4-20	4-17				5,822
	MIP 2-20	2-20		$ 4,000,000	$ 4,000,000	
	PRSU 2-20	2-20				n/a
Mr. Mosby	Opt 4-20	4-17				
	PSU 4-20	4-17				6,619
	FTN 5-1	2-20				
[Additional NEO(s)]						

Details concerning information in certain of the columns are presented in the following paragraphs:

(b-1) Column (b-1) shows the 2007 grant dates of the awards reported in this table. These are the dates as of which the grants are effective for legal and accounting purposes, and as of which prices are set or used for those awards that use grant date stock values.

The rows in column (b-1) are designated to indicate the different award types involved. The designations correspond to the following award types: Opt for regular annual stock options; PSU for performance stock unit awards; MIP for annual cash bonus awards under our MIP; HRS for restricted stock granted as a portion of Mr. Jordan s hiring bonus; HOpt for stock options granted as a portion of Mr. Jordan s hiring bonus; and PRSU for the performance restricted stock unit grant made to Mr. Medford to supplement his annual cash bonus opportunity. FTN indicates FTN Financial Bonus Plan. This is a discretionary plan with no target or maximum.

(b-2) Column (b-2) shows the 2007 dates on which the Compensation Committee acted to grant the awards reported in this table. For those awards in April, these action dates precede the legally effective grant dates by a few days. Additional information concerning the Committee s reasons for delaying the effective dates of grants in many instances is set forth in the Compensation Discussion and Analysis section of this proxy statement under the heading Timing and Pricing of Regular Annual Equity Awards beginning on page .

(c)-(e) The 2007 cash bonuses paid to our executives under our MIP were based on performance criteria established early in 2007 by the Compensation Committee. For the corporate officers, including Messrs. Baker, Jordan and Mosby and , the target is derived as a percentage of salary with the maximum representing 150% of target. [Possible additional disclosure for additional NEO(s)] For Burkett the target is derived as a percentage of pre-tax earnings, with the maximum allowed under the MIP of $4,000,000. Mr. Mosby upon his transition to FTN Financial began participating in the FTN Financial Bonus Plan which does not provide for a threshold target or maximum, and as such is not shown in the table above. This award is earned by business line net profits under a pool arrangement. The annual bonus award for Mr. Medford is related to business line net profits under a pool arrangement. Mr. Medford s MIP award was limited to $4 million, but he received an award of PRSUs designed to supplement his MIP bonus if the pool amount exceeded the MIP plan limit. Additional information concerning annual cash bonuses paid to the named executive officers for 2007 is set forth in column (g) of the Summary Compensation Table and under the caption Annual Cash Bonus under MIP on pages and , respectively, of this proxy statement.

(f) The threshold payouts listed in column (f) for PSU awards are based on achieving a certain pre-set minimum earnings per share (EPS) level and EPS growth ranking over a 3-year period. The Compensation Committee has the discretion to determine the payout when the pre-set EPS level is achieved but the growth ranking is not. Additional information concerning the performance criteria related to PSU awards is set forth in PSU Awards beginning on page .

(g)/(h) The target and maximum payouts listed in columns (g) and (h) for PSU awards 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 applicable performance period, if the performance criteria are met.

(i) Column (i) shows the number of shares of restricted stock granted in 2007 to the named executive officers. The only such grant in 2007 was to Mr. Jordan as part of his hiring bonus.

(j) Column (j) shows the number of shares underlying stock options granted in 2007 to the named executive officers.

(k) Options were priced at fair market value determined as the higher of (a), the average of the high and low prices for our common stock on the grant date, rounded up to the nearest whole cent or (b) the closing price of our stock on the grant date.

(l) Column (l) reflects the dollar value of each award shown in columns (f), (g) or (h) and (i) and (j) determined as of the grant date of each award using the same assumptions, valuation method, and amortization schedule used for accounting purposes in our financial statements. Additional information concerning the assumptions and valuation method is given in the discussion of columns (e) and (f) of the Summary Compensation Table on page of this proxy statement.

Supplemental Disclosure Concerning Summary Compensation and Grants of Plan-Based Awards Tables

The proportion of annual cash salary and cash bonuses to total compensation, as reported in the Summary Compensation Table, for each of the named officers is: Mr. Baker, 46%; Mr. Jordan, 68%; Mr. Burkett, 54%; Mr. Medford, 56%; Mr. Glass, 95%; and Mr. Mosby, 53%. [Possible additional disclosure related to additional NEO(s)] Additional information concerning how the amounts of those elements of compensation were established, and how they relate to other forms of compensation, is set forth under the headings Compensation Components in 2007, Relative Sizing and Mix of Major Compensation Components, and Base Salary and Bonuses beginning on pages , , and , respectively, of this proxy statement.

Under the terms of all options, participants are permitted to pay the exercise price of the options with our stock.

The vesting schedules of equity-based awards granted in 2007 are as follows:

For all options and restricted stock, both regular and hiring bonus, vesting occurs 50% on each of the third and fourth anniversaries of the grant date. Additional information concerning the performance criteria for performance awards is set forth under the heading Performance Options and Restricted Stock beginning on page .

For PSU awards vesting occurs (if at all) when

certain three-year performance criteria, established when the award was granted, are met. Additional information concerning the performance criteria for PSU awards is set forth under the PSU Awards section beginning on page .

The number of PRSUs awarded to Mr. Medford to supplement his annual cash bonus opportunity was determined in February 2008 to be zero based on the performance criteria established at the time of grant. If a positive number of PRSUs had been determined, vesting would have occurred one

year later. Additional information concerning the PRSU awards is set forth under Special PRSU Opportunity beginning on page .

Vesting information related to all equity awards held by the named executives at year end is provided under the heading Outstanding Equity Awards at Fiscal Year-End beginning on page , especially in the notes to the table in that section. For all awards vesting will or may be accelerated or pro-rated in the cases of death, disability, and change in control; for non-performance awards vesting may be accelerated, generally on a pro-rata basis, in the event of retirement; and for performance awards vesting may continue following retirement and may be pro-rated at the discretion of the Compensation Committee. Additional information concerning the acceleration features of awards is set forth under the caption Change in Control Features under Other Plans and Programs beginning on page .

Dividends or dividend equivalents are paid or accrued with respect to restricted stock and PARSAP shares and PSUs, but not stock options. After the issue date, dividend equivalentswould have accrued on PRSUs if they had been issued following the applicable performance period; since no PRSUs were issued, no dividend equivalents accrued. No such dividends or dividend equivalents are at rates preferential to dividends paid in respect of ordinary outstanding shares. Accrued dividends and dividend equivalents are forfeited if the underlying shares or units are forfeited.

The applicable plans provide for tax withholding features related to all award types upon approval of the Compensation Committee. To date, with respect to outstanding restricted stock and PARSAP awards, the Committee has approved a mandatory tax withholding feature under which vested shares are automatically withheld in an amount necessary to cover minimum required withholding taxes.

In many cases the Compensation Committee has the power to require the deferral of payment of an award upon vesting if, absent the deferral, First Horizon would be unable to claim a corresponding deduction for tax purposes. On occasion the Committee has exercised that power. No such deferral would cause the amount deferred to be omitted from the Summary Compensation Table.

Forfeitures of Equity-Based Awards in 2007

Some awards that affect amounts reported in the Summary Compensation Table were forfeited during 2007. Forfeitures during 2007 involving the named executives are reflected in the table below.

Forfeitures of Equity-Based Awards During 2007
(Amounts are in Shares or Share Units)

Name	Performance Options*	Performance Restricted Stock*	LTIP PSUs** (Target Level)	Promotion Restricted Stock	Conventional Options	Conventional & PARSAP Restricted Stock	Totals
Mr. Baker	51,601	10,318					61,919
Mr. Jordan							
Mr. Burkett							
Mr. Medford							
Mr. Glass	57,084	11,472	125,410	26,250	23,189	72,422	315,827
Mr. Mosby							
[Additional NEO(s)]							

* Amounts forfeited were 100% of the original amounts granted.

** Includes 100% of LTIP awards having performance periods ending December 31, 2007 and 2008.

In February, 2008 the following additional awards were forfeited: all LTIP awards having a performance period ending December 31, 2007; and Mr. Medford s entire PRSU opportunity which supplemented his 2007 annual bonus opportunity.

Equity Holdings and Value Realizations

Outstanding Equity Awards at Fiscal Year-End

The following table provides information about stock options, restricted stock, PARSAP shares, and PSU and LTIP awards held at December 31, 2007 by the officers named in the Summary Compensation Table. The PARSAP program and the practice of making regular annual grants of restricted stock were discontinued at the end of 2006. The PSU program replaced the old LTIP program in 2007. Mr. Medford s PRSUs are omitted from this table because the number of PRSUs had not been determined at December 31; that number was determined in February 2008 to be zero.

Outstanding Equity Awards at Fiscal Year-End 2007

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options(#) Exercisable	Number of Securities Underlying Unexercised Options(#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options(#)	Option Exercise Price ($/sh)	Option Expiration Date	Number of Shares or Units of Stock Held that Have Not Vested(#)	Market Value of Shares or Units of Stock that Have Not Vested($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested(#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested($)
Mr. Baker	10,194			$ 35.14	2/26/09				
	5,809			$ 40.13	4/20/09				
	6,636			$ 28.63	10/19/09				
	5,271			$ 17.97	3/1/10				
	9,524			$ 38.74	3/3/10				