



FIRST HORIZON  
NATIONAL CORPORATION

D. Bryan Jordan  
President  
Chief Executive Officer

March 13, 2009

BY EMAIL AND OVERNIGHT DELIVERY

Office of the Special Inspector General  
Troubled Asset Relief Program  
1500 Pennsylvania Avenue, NW, Suite 1064  
Washington, D.C. 20220  
SIGTARP.response@do.treas.gov  
Attn: Mr. Neil M. Barofsky, Special Inspector General

Re: Response of First Horizon National Corporation to Letter dated February 6, 2009

Dear Mr. Barofsky:

This letter furnishes the response of First Horizon National Corporation ("First Horizon" or the "Company") to the specific requests you made by letter dated February 6, 2009. Each of your requests is reproduced below, followed by our response. A certifying statement by the undersigned is provided after the final response. Enclosures are identified within the responses, and a list of enclosures is provided at the end of this letter.

\* \* \*

- (1) **A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of TARP funds. In your response, please take into consideration your anticipated use of TARP funds at the time that you applied for such funds, or any actions that have taken that you would not have been able to take absent the infusion of TARP funds.**

**Background**

Though the focus of your request is on the ways we have used capital received from the TARP's Capital Purchase Program ("CPP") in November 2008, we would like to begin by describing briefly the capital we raised in May 2008, our exit from the national lending business in 2008, and the CPP transaction itself. Our responses to your specific requests should be taken in the context described in the next few paragraphs.

*Basic Facts Surrounding Two Capital Raising Transactions in 2008*

On May 2, 2008, First Horizon sold 69 million shares of common stock to public investors in an underwritten offering for an aggregate purchase price of \$690 million, or \$10 per share. This transaction increased our regulatory Tier 1 capital by about \$660 million. Following

First Horizon National Corporation  
165 Madison Avenue · Memphis TN 38103

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the closing, First Horizon made a capital contribution of \$610 million to its wholly-owned subsidiary, First Tennessee Bank National Association (“First Tennessee Bank”). Neither First Horizon nor First Tennessee Bank segregated these funds.

On November 14, 2008, the CPP provided approximately \$866 million of Tier 1 capital to First Horizon when First Horizon sold to the U.S. Department of the Treasury (“Treasury”) 866,540 shares of Preferred Stock Series CPP and a common stock Warrant exercisable at the then-current market value of \$10.20 per share. On December 19, 2008, First Horizon made a capital contribution of \$736 million to First Tennessee Bank.

As a result of the sale of common stock to the public and its participation in the CPP, First Horizon raised about \$1.5 billion of new Tier 1 regulatory capital in 2008, which made it possible for First Horizon to contribute almost \$1.35 billion to First Tennessee Bank. Other factors, particularly First Horizon’s higher consolidated provision for loan losses, had a negative effect on First Horizon’s capital during 2008. On balance, however, for the year 2008, First Horizon’s Tier 1 capital increased by about \$1.3 billion compared to year-end 2007.

#### *Exit from National Lending Businesses*

We contracted our business significantly in 2008 by selling or closing our lending and lending-related businesses outside of our Tennessee-based regional banking markets. By doing this, we were able to: (i) concentrate our resources on our regional banking business and on our capital markets business; (ii) reduce our assets as old national loans and other national assets were sold, paid off (by the customers), or written down; (iii) and reduce the need for capital to support those assets. We refer to this contraction as our exit from our national (as distinguished from regional) lending businesses, and we refer to the loans and other assets associated with the exited businesses as our national assets. In addition, we ceased to compete nationally for certain types of deposit products and, as a result, outstanding balances of those products dropped substantially by year-end.

#### *Use of TARP Funds*

At the time of the CPP transaction, we intended to use the increased capital to strengthen our capital position and our lines of business, lend to consumers and businesses, expand our presence in the communities we serve, and complete our exit from our national lending businesses. We have been able to use the TARP capital to further these ends. We also believed a stronger capital position could provide us with the flexibility to possibly acquire one or more small, troubled institutions to the extent opportunities presented themselves. We had no specific acquisition plans at that time, and we have not contracted for or closed any such acquisitions since then, but we remain flexible in this regard.

Additional information concerning these uses is provided below. Commentary by company executives in press releases, investor presentations, company-wide employee emails, and media consistently focused on these same key messages and benefits in our early communication efforts regard the TARP capital. Examples of these materials are enclosed with this letter in Appendix A.

#### *Strengthened Capital Position*

The CPP transaction immediately increased our Tier 1 regulatory capital by about \$866 million. Given that money is fungible, specific dollars of capital at year end cannot be traced

back to any particular source. Nevertheless, the receipt of the TARP funds had a significant positive effect on regulatory capital levels and ratios at year end and continuing into 2009.

#### *Lending to Consumers and Businesses*

Predominately due to our exit from our national lending businesses and the continuing wind-down of the loans associated with those businesses, our overall loans outstanding at year-end 2008 declined compared with a year earlier. Our strengthened capital position, however, has supported our ability to continue to extend loans to consumers and businesses. Examples of that lending include:

- The volume of new or renewed consumer lending originated in the fourth quarter of 2008 was about \$175 million, of which about \$164 million related to installment loans and home equity lines and about \$11 million related to credit card lending. The volume of new or renewed consumer lending originated in January 2009 was about \$77 million, of which about \$73 million related to installment loans and home equity lines and about \$4 million related to credit card lending. The non-credit-card volume for January was significantly higher than the monthly average for the fourth quarter.
- We originated over 600 mortgage loans totaling about \$89 million in the fourth quarter of 2008. We originated about an additional \$86 million of mortgage loans in January 2009.
- Through our correspondent banking division, we have provided mortgage warehouse lending facilities to our client banks. This lending activity directly facilitates the origination of new and refinanced mortgage loans to consumers by those banks. With respect to these loans, our average volume for November 2008 was about \$164 million, while our average volume for January 2009 was about \$367 million, representing a significant increase.
- We have expanded several significant commercial lending relationships, and taken on new commercial lending relationships, since participating in the TARP. Our ability to make larger commitments was supported by our capital base.

In connection with the examples above, please note that loans are counted as new or renewed if a new loan account number is created. Renewed loans do not necessarily involve an increase in the credit extended, but do involve a new commitment by us since the old commitment was expiring. New loans involve both new customers and old customers receiving new loans. We believe that much of the increased demand for mortgage loans is being driven by lower interest rates. The mortgage loan data include re-financings as well as loans associated with home buying.

We have actively marketed to potential borrowers, both existing customers and non-customers, through a series of marketing campaigns designed to increase awareness of First Tennessee Bank's lending capabilities. These initiatives were intensified beginning in November and include all major advertising channels: direct mail, email, newspaper, website banner ads, in-branch merchandising, and television. In addition, last month we launched a new marketing campaign around the theme "powering your dreams."

We believe we would have originated more loans if it were not for weakening demand for credit in a slowing economy. Despite our marketing campaigns, overall application levels have declined.

#### *Exiting the National Lending Businesses*

As described above, we contracted our business significantly in 2008 by selling or closing our lending and lending-related businesses outside of our Tennessee-based regional banking markets. By doing this, we have been able to concentrate more of our resources, including the TARP funds, on our regional banking business, which we consider to be the heart of our franchise.

The capital infusion from CPP has given us flexibility as we wind down our national lending portfolio. Our exit from our national lending businesses left us with a significant amount of assets not tied to our regional banking markets. By the time the CPP transaction closed in November, nearly all the exit processes had been concluded, but most of the loan and other financial assets associated with those businesses still remained. We have sought to sell, and have sold, some of those assets, most notably mortgage loans in our “warehouse” and certain mortgage servicing right assets. A significant portion of the national assets remaining unsold are in default or otherwise show distress. For our retained national assets, the CPP capital gives us the flexibility to consider disposition opportunities as they may arise, even if we were to absorb losses on disposition, or to continue to work through those assets in the normal course.

#### *Segregation of TARP funds*

Neither First Horizon nor First Tennessee Bank segregated TARP funds from other available funds. We manage our capital and our cash funds on an aggregate basis to support all our business operations as needed and as appropriate.

#### *Expanding our Presence in the Communities We Serve*

We also want to note that we have opened three new branch locations across our banking markets since November 2008. These new offices – located in Murfreesboro, Tennessee; Hernando, MS; and Collierville, TN – provide deposit-taking, lending, and wealth management services to the communities they serve.

- (2) **Your specific plans, and the status and implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of compensation.**

We believe First Horizon’s executive compensation plans and programs comply with requirements of the Emergency Economic Stabilization Act of 2008 and the compensation standards established thereunder, as in effect on November 14, 2008 (collectively, “EESA”). Following is a summary of the actions the Company has taken to comply with EESA since commencing participation in the CPP.

## ***Risk Assessment***

First Horizon has implemented a periodic executive compensation risk assessment process. That process includes meetings among First Horizon's top risk officers and its head of human resources and among these executive officers and the Compensation Committee of First Horizon's Board of Directors (the "Committee") to review First Horizon's major risks and the details of our executive compensation plans to ensure the plans do not encourage unnecessary and excessive risks. Based on those discussions, the Committee has certified that it has reviewed with senior risk officers the incentive compensation arrangements applicable to our senior executive officers, as defined in EESA ("SEOs"), and has made reasonable efforts to ensure that such arrangements do not encourage such officers to take unnecessary and excessive risks that threaten the value of First Horizon. The Committee's certification will be set forth in the Compensation Committee report that will be included in First Horizon's definitive proxy statement which we expect to file with the Securities Exchange Commission ("SEC") the week of March 16. As required by EESA, the Compensation Committee also intends to meet at least annually for a similar risk assessment of executive compensation plans and programs.

## ***Compensation Restrictions***

### *Compensation Agreements Conforming to Treasury Requirements under EESA*

In November 2008, in connection with First Horizon's issuance of preferred stock to the Treasury under the CPP, each of our senior executive officers at that time signed an agreement amending all compensation and benefit arrangements with the Company to comply with the requirements of EESA and regulations and guidance issued thereunder. The agreement became effective immediately. Copies of those agreements and the related contractually-required waivers are attached as Appendix B.

First Horizon has not made any changes to other, longer-term or deferred forms of compensation designed to offset the limits imposed by original EESA Section 111. First Horizon expects that it will be required to revise its compensation programs on the adoption of standards contemplated by new EESA Section 111(b). With respect to the timing and type of equity awards made recently, First Horizon's Compensation Committee considered the prospect of those future standards, among other things.

### *Other Actions Related to Compensation*

In April 2008, our Board of Directors approved new "clawback" provisions for the 2002 Management Incentive Plan (the annual cash bonus plan for senior executives) and for the 2003 Equity Compensation Plan (the plan under which stock awards may be granted to our executive officers and others). Those provisions were refined by the Board in July 2008. In some respects the new clawback language is broader than that required under the TARP regulations, and it applies to all plan participants who receive performance-based incentives. The clawback provisions added to the plans last year are attached as Appendix C. To the extent these clawback provisions do not meet the required EESA standards with respect to our CEOs, the EESA standards will be met through the agreements provided in Appendix B.

First Horizon has not yet filed its federal income tax return for 2008. In accordance with EESA, First Horizon has directed responsible personnel to limit its tax deductions for 2008 annual compensation paid to its CEOs in accordance with Section 162(m)(5) of the Internal Revenue Code and applicable guidance.

As a result of the amendment to Section 111 of EESA under the American Recovery and Reinvestment Act of 2009 ("ARRA") and in accordance with guidance released by the SEC recently, First Horizon is planning to permit a separate, non-binding vote at its 2009 annual meeting of shareholders to approve the compensation of executives, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission. This will be vote item #3 in our definitive 2009 proxy statement.

ARRA also requires Treasury to adopt new compensation standards applicable to TARP recipients. Until those new compensation standards are adopted or other Treasury guidance is released, First Horizon intends to continue to comply with the compensation standards in effect under the CPP on November 14, 2008.

\* \* \*

This letter and the enclosed documents contain confidential and proprietary commercial and financial information concerning First Horizon. Accordingly, First Horizon hereby requests, pursuant to Rule 83 of the United States Department of the Treasury's Disclosure of Records Regulations, 31 C.F.R. § Part 1, Subpart A, and for reasons of business confidentiality and personal privacy, that this letter and the enclosed documents not be disclosed in response to any request made under the Freedom of Information Act, 5 U.S.C. § 552 (1994) ("FOIA"). The foregoing request also applies to any other materials of any sort that are made by, or at the request of, the Treasury and incorporate, refer or relate to any of the matters contained in the enclosed documents or this letter.

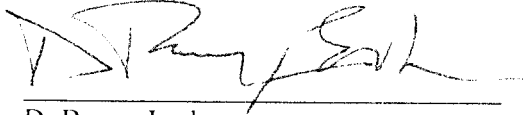
If the enclosed documents or this letter become the subject of a FOIA request, please contact Charles Tuggle, our General Counsel, at (b) (6) and we will provide further information in support of this request for confidential treatment. We also request that, at the conclusion of this inquiry, all copies be returned to me at the above address.

I certify that the statements, representations, and supporting information contained in this letter are accurate in all material respects to the best of my knowledge.

Please contact me or Charles Tuggle if you have any questions concerning this matter. Mr. Tuggle can be contacted at the number provided above or at (b) (6)

Very truly yours,

FIRST HORIZON NATIONAL CORPORATION

By: 

D. Bryan Jordan  
*President and Chief Executive Officer*

**List of Enclosed Appendices**

**Appendix A**

Selected public and employee commentary from First Horizon regarding TARP Capital Purchase Program participation -- Focus on First Horizon expectations at the time of the CPP transaction

**Appendix B**

Forms of the initial agreement with executives and related waiver, and of the agreement and related waiver used for later hirings and promotions, conforming to Treasury compensation restrictions

**Appendix C**

Clawback provisions added to certain incentive plans in 2008



## **APPENDIX A**

Selected public and employee commentary from First Horizon  
regarding TARP Capital Purchase Program participation —  
Focus on First Horizon expectations at the time of the CPP transaction



## First Horizon to Participate in U.S. Treasury Capital Purchase Program

### Investment Will Enhance Lending Ability, Improve Already Strong Capital Position, Provide Substantial Flexibility

MEMPHIS, Tenn., Oct 24, 2008 (GlobeNewswire via COMTEX News Network) -- First Horizon National Corp. (NYSE:FHN) has received preliminary approval from the U.S. Treasury Department to participate in its Capital Purchase Program, a voluntary initiative assisting U.S. financial institutions in building capital to support Treasury's plan to aid the economy by increasing financing to businesses and consumers. Participation is subject to standard terms and conditions.

First Horizon will receive approximately \$866 million in capital, which will raise the company's Tier 1 ratio at Sept. 30 from 10.9 percent to 14.1 percent.

Under the program, Treasury will purchase up to \$250 billion of senior preferred shares of companies taking part in the program. Bryan Jordan, First Horizon CEO, said the plan has a critical role in helping to revive the U.S. economy through its goal to restore the availability of credit to businesses and individuals by creating liquidity and providing additional capital to banks.

"We see this investment as significant for several reasons, including its attractive terms and the flexibility it will provide us to grow customer relationships and make further investments in our regional banking and capital markets businesses," Jordan said. "Our participation will allow us to increase lending activity to support our customers and growth in the economy in and around Tennessee."

First Horizon's participation in the capital purchase program adds to its already substantial cushion against the adverse effects of the weakening economy. An additional option available to First Horizon through the program is the opportunity to make targeted bank acquisitions in the future, as the company fills out its already leading Tennessee banking franchise.

#### About First Horizon

The 6,000 employees of First Horizon National Corp. (NYSE:FHN) provide financial services through more than 200 bank locations in and around Tennessee and 14 capital markets offices in the U.S. and abroad. First Tennessee Bank has the largest combined market share in the 17 Tennessee counties where it does business and has one of the highest customer retention rates of any bank in the country, and FTN Financial is one of the nation's top underwriters of U.S. government agency securities. FHN has been recognized as one of the nation's best employers by AARP and Working Mother magazines. More information can be found at [www.fhnc.com](http://www.fhnc.com).

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SOURCE: First Horizon National Corporation

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**From:** Jordan, Bryan  
**Sent:** Friday, October 24, 2008 5:19 PM  
**Subject:** CEO Update

## **Treasury investment opens new opportunities for our company**

First Horizon has received preliminary approval from the U.S. Treasury to participate in its Capital Purchase Program for banks, subject to standard terms and conditions. This is big news for us. Treasury's investment in us signals confidence in our company, enhances our already strong capital position, allows us to grow our customer relationships through additional lending and gives us flexibility for the future.

Treasury will buy \$866 million in First Horizon preferred stock, representing 3 percent of our risk-weighted assets as of the end of the second quarter. The investment is part of a \$250 billion plan announced in mid-October under the Troubled Asset Relief Program (TARP). The goal is to inject capital into banks, unfreeze lending and help revive the economy. The initial participants included nine of the largest banks in the country.

Banks receiving government investment accept certain conditions: a 5 percent annual dividend on the preferred shares for five years, warrants to purchase common stock, restrictions on executive compensation and others. We think the upside of participation, given the attractive financial terms and enhanced flexibility, easily overshadows any possible downside.

When we announced third-quarter earnings, we noted that our company was already strong in capital, improving in liquidity and well-positioned to meet the challenges ahead. Why, then, are we welcoming a capital infusion from the government? Because it will make us even stronger.

The government investment fortifies our industry-leading capital position, providing a deeper cushion against a weakening economy. It also expands our business options. We can invest even more in our core banking and capital markets businesses. We'll be able to make loans to support our communities and our individual and business customers. And the injection of capital could help us make acquisitions consistent with our refocused strategy.

During the third quarter announcements, I said that our company was on the right track. This Treasury investment makes the track straighter and smoother. We've made significant changes in our business in the past 15 months – you've worked hard to make them happen. This investment marks another positive change, opening up a range of new opportunities. It's an exciting time for us. Thanks for all you do for our company and for the customers and communities we serve.

## **TARP Capital Purchase Program Provides Significant Flexibility**

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- Enhances already industry-leading capital position
- Attractive financial terms
- Facilitates investment in core banking and capital markets businesses
- Organic balance sheet growth
  - Lending to consumers and businesses in communities in and around Tennessee
- Further cushion against adverse effects of weakening economy
- Ability to sell assets as market recovers
  - Potentially accelerates the wind-down of non-core national lending businesses
- Opportunity to make smaller, targeted bank acquisitions in the future

# Key Terms of Preferred Stock

<b>Issuer</b>	<ul style="list-style-type: none"><li>▪ First Horizon National Corporation (Ticker: FHN)</li></ul>
<b>Investment Size</b>	<ul style="list-style-type: none"><li>▪ \$866 million <sup>1</sup></li></ul>
<b>Investment Type</b>	<ul style="list-style-type: none"><li>▪ Tier 1 qualifying Senior Cumulative Perpetual Preferred Stock; will be considered unrestricted core capital</li></ul>
<b>Dividend</b>	<ul style="list-style-type: none"><li>▪ 5.00% for first five years; 9.00% thereafter</li><li>▪ Dividends are cumulative</li><li>▪ If dividends are not paid on Preferred Stock, FHN may not make any distributions on or repurchase any security ranking equal or junior to Preferred</li><li>▪ For the first three years, common cash dividends are prohibited, and common stock repurchases are substantially restricted, without Treasury's consent</li></ul>
<b>Redemption</b>	<ul style="list-style-type: none"><li>▪ For the first three years, callable with the proceeds of an issuance of common stock or Tier 1 qualifying perpetual preferred equal to at least 100% of Senior Preferred stock that is called</li><li>▪ Callable at par after year three</li><li>▪ Minimum of 25% of Senior Preferred stock must be called if called</li></ul>
<b>Ranking</b>	<ul style="list-style-type: none"><li>▪ Senior to common stock</li></ul>
<b>Voting Rights</b>	<ul style="list-style-type: none"><li>▪ Non-voting other than situations which adversely affect the rights, terms, or rankings of the Senior Preferred Stock</li><li>▪ If dividends on Senior Preferred Stock are not paid in full for six dividend periods, Senior Preferred holders will have right to elect two directors. This right will end upon dividends being brought current.</li></ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>▪ General corporate purposes</li></ul>
<b>Warrants</b>	<ul style="list-style-type: none"><li>▪ Warrants issued to US Treasury to purchase 12.7mm FHN common shares at strike price of \$10.20</li></ul>
<b>Executive Compensation</b>	<ul style="list-style-type: none"><li>▪ As long as U.S. Treasury holds any securities of the FHN, FHN is bound by executive compensation and corporate governance requirements of Section 111 of the EESA</li></ul>

# Financial Impact

## Summary

- \* Increase in Tier 1 Capital and Total Capital of \$866mm (3.0% of estimated RWA as of 6/30/08)
- \* Capital ratios continue to be at high end of peer group
- \* Continued balance sheet shrinkage of national specialty portfolios will bolster capital levels even further

## Pro-Forma Capital Ratios<sup>1</sup>

Capital Ratios	Regulatory	2Q08	3Q08	3Q08
	Minimum		Actual	Pro-Forma
Tier 1 RBC	6.0%	10.5%	11.1%	14.4%
Total Capital	10.0%	15.2%	16.1%	19.3%
TCE/TA	5.0%	7.0%	7.2%	7.2%

## Impact of Warrants

Size of Preferred Stock Investment	\$866 mm
\$ of Common Stock Underlying Warrants	\$130mm
Exercise Price of Warrant <sup>2</sup>	\$10.20
Shares Underlying Warrants	\$12.74mm
Maximum Dilution <sup>3</sup>	6.3%
Dilution at \$15.00 Share Price <sup>4</sup>	2.0%

## Other Impact / Considerations

- \* No impact to stock dividend
- \* Shares underlying warrants will adjust for stock dividends every quarter

4Q08 Analyst Packet



## First Horizon Receives U.S. Treasury Funds to Build Capital, Aid Lending

MEMPHIS, Tenn., Nov 17, 2008 (GlobeNewswire via COMTEX News Network) -- First Horizon National Corp. (NYSE:FHN) announced today that it is among the most recent group of financial institutions that have received funds disbursements from the U.S. Treasury Department through its Capital Purchase Program, a voluntary initiative to aid the U.S. economy by assisting financial institutions in building capital to support lending to businesses and consumers. First Horizon received \$866 million, the maximum 3 percent of risk-weighted assets allowed, through a preferred stock purchase with the Treasury department.

The funds will allow First Horizon to invest in its regional banking and capital markets businesses and increase lending activity to support its customers and growth in the economy in and around Tennessee.

"Our participation in the Treasury Department's Capital Purchase Program further strengthens our already solid capital base and gives the company a great deal of flexibility to support our customers and our communities in this uncertain economy," said Bryan Jordan, First Horizon CEO.

The infusion of funds raises First Horizon's Tier 1 ratio from 11.1 percent to 14.4 percent on a pro forma basis at Sept. 30. The infusion further strengthens the company's capital position that was augmented last spring with \$660 million of net proceeds from the sale of common stock.

Under the program, Treasury will purchase up to \$250 billion of senior preferred shares of participating companies. The program is available to financial institutions of varying sizes - including qualifying U.S.-controlled banks, savings associations and certain bank and savings and loan holding companies.

### About First Horizon

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FHN-G

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SOURCE: First Horizon National Corporation

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**From:** Jordan, Bryan  
**Sent:** Tuesday, November 25, 2008 12:36 PM  
**Subject:** CEO Update

Recent actions have strengthened our already-strong capital position and management team. Completing a transaction we announced last month, the U.S. Treasury bought \$866 million in First Horizon preferred stock through its Capital Purchase Program for banks. The infusion of funds raises our Tier 1 capital ratio from 11.1 percent to 14.4 percent on a pro forma basis on Sept. 30.

This is exciting because this additional capital gives us enhanced flexibility. We are positioned to increase lending to promote economic growth and invest further in our regional banking and capital markets businesses. We are better able to support our customers and communities in and around Tennessee during these uncertain times.

With this government investment, we may face additional scrutiny from the public and the media. We will use this money to spur lending and improve our businesses, and we must continue to focus on running our businesses in the most efficient way possible.

We're also excited that William C. (BJ) Losch III is joining First Horizon as executive vice president and chief financial officer. He will be responsible for leading the company's financial activities such as treasury, accounting, controls, tax, financial planning, strategic planning, investor relations and corporate development. BJ joins us from the general bank at Wachovia Corp., the largest of the company's four major business lines, where he served as senior vice president and CFO after a series of progressively senior jobs. He starts his new job with us around Jan. 1.

BJ will be a great addition to our management team. His solid financial services background and finance leadership experience will be extremely valuable as we focus on our core banking and capital markets businesses during this challenging period for the financial services industry.

I extend my thanks to Tommy Adams for serving as interim CFO. He has done a tremendous job serving as our interim CFO while maintaining his role as corporate treasurer in this most unusual environment. Tommy will continue to be a major contributor to the important work of our finance group as our treasurer.

In planning for the new year, we should all focus on controlling expenses and increasing efficiency. We've undergone a lot of changes to make us a leaner, more efficient company, able to take advantage of opportunities like the capital purchase. Thanks to your hard work, we can stay that way.

I hope you and your family have a safe and happy Thanksgiving!



**APPENDIX B**

Agreements with Senior Executive Officers and related Waivers  
Relating to Treasury compensation restrictions under Capital Purchase Program  
Dated November 12, 2008

November 12, 2008

**Bryan Jordan**

c/o First Horizon National Corporation  
Memphis, TN 38103

Dear Mr. Jordan,

First Horizon National Corporation (the "*Company*") has been approved to enter into a Securities Purchase Agreement (the "*Participation Agreement*"), with the United States Department of Treasury ("*Treasury*") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "*CPP*").

For the Company to participate in the CPP and as a condition to the closing of the investment contemplated by the Participation Agreement, the Company is required to establish specified standards for incentive compensation to its senior executive officers and to make changes to its compensation arrangements. To comply with these requirements, and in consideration of the benefits that you will receive as a result of the Company's participation in the CPP, you agree as follows:

- (1) *No Golden Parachute Payments.* The Company is prohibiting any golden parachute payment to you during any "CPP Covered Period". A "*CPP Covered Period*" is any period during which (A) you are a senior executive officer and (B) Treasury holds an equity or debt position acquired from the Company in the CPP.
- (2) *Recovery of Bonus and Incentive Compensation.* Any bonus and incentive compensation paid to you during a CPP Covered Period is subject to recovery or "clawback" by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) *Compensation Program Amendments.* Each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and employment agreements) (collectively, "*Benefit Plans*") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2).

In addition, the Company is required to review its Benefit Plans to ensure that they do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of the Company. To the extent any such review requires revisions to any Benefit Plan with respect to you, you and the Company agree to negotiate such changes promptly and in good faith.

- (4) *Definitions and Interpretation.* This letter shall be interpreted as follows:
  - "Senior executive officer" means the Company's "senior executive officers" as defined in subsection 111(b)(3) of EESA.

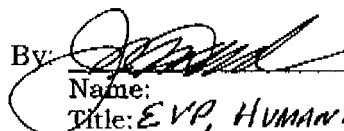
- "Golden parachute payment" is used with the same meaning as in subsection 111(b)(2)(C) of EESA.
- "EESA" means the Emergency Economic Stabilization Act of 2008 as implemented by guidance or regulation that has been issued and is in effect as of the "Closing Date" as defined in the Participation Agreement.
- The term "Company" includes any entities treated as a single employer with the Company under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date). You are also delivering a waiver pursuant to the Participation Agreement, and, as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.
- The term "CPP Covered Period" shall be limited by, and interpreted in a manner consistent with, 31 C.F.R. § 30.11 (as in effect on the Closing Date).
- Provisions (1) and (2) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the preceding, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).
- The validity, interpretation, construction and performance of this letter shall be governed by the laws of the State of Tennessee.

\* \* \*


The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Very truly yours,

FIRST HORIZON NATIONAL CORPORATION

By:   
 Name: \_\_\_\_\_  
 Title: *EVP, HUMAN RESOURCES*

Intending to be legally bound, I agree with and accept the foregoing terms.

  
 Bryan Jordan

November 12, 2008

**Thomas C. Adams, Jr.**  
c/o First Horizon National Corporation  
Memphis, TN 38103

Dear Mr. Adams,

First Horizon National Corporation (the "*Company*") has been approved to enter into a Securities Purchase Agreement (the "*Participation Agreement*"), with the United States Department of Treasury ("*Treasury*") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "*CPP*").

For the Company to participate in the CPP and as a condition to the closing of the investment contemplated by the Participation Agreement, the Company is required to establish specified standards for incentive compensation to its senior executive officers and to make changes to its compensation arrangements. To comply with these requirements, and in consideration of the benefits that you will receive as a result of the Company's participation in the CPP, you agree as follows:

- (1) *No Golden Parachute Payments.* The Company is prohibiting any golden parachute payment to you during any "CPP Covered Period". A "CPP Covered Period" is any period during which (A) you are a senior executive officer and (B) Treasury holds an equity or debt position acquired from the Company in the CPP.
- (2) *Recovery of Bonus and Incentive Compensation.* Any bonus and incentive compensation paid to you during a CPP Covered Period is subject to recovery or "clawback" by the Company if the payments were based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.
- (3) *Compensation Program Amendments.* Each of the Company's compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and employment agreements) (collectively, "*Benefit Plans*") with respect to you is hereby amended to the extent necessary to give effect to provisions (1) and (2).

In addition, the Company is required to review its Benefit Plans to ensure that they do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of the Company. To the extent any such review requires revisions to any Benefit Plan with respect to you, you and the Company agree to negotiate such changes promptly and in good faith.

- (4) *Definitions and Interpretation.* This letter shall be interpreted as follows:
  - "Senior executive officer" means the Company's "senior executive officers" as defined in subsection 111(b)(3) of EESA.

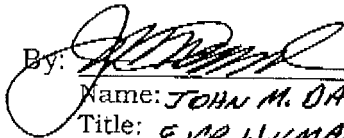
- "Golden parachute payment" is used with the same meaning as in subsection 111(b)(2)(C) of EESA.
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- The term "Company" includes any entities treated as a single employer with the Company under 31 C.F.R. § 30.1(b) (as in effect on the Closing Date). You are also delivering a waiver pursuant to the Participation Agreement, and, as between the Company and you, the term "employer" in that waiver will be deemed to mean the Company as used in this letter.
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- Provisions (1) and (2) of this letter are intended to, and will be interpreted, administered and construed to, comply with Section 111 of EESA (and, to the maximum extent consistent with the preceding, to permit operation of the Benefit Plans in accordance with their terms before giving effect to this letter).
- The validity, interpretation, construction and performance of this letter shall be governed by the laws of the State of Tennessee.

\* \* \*

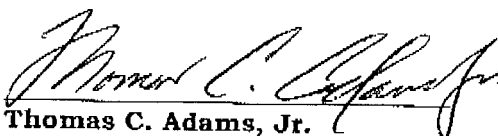
The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Very truly yours,

FIRST HORIZON NATIONAL CORPORATION

By:   
 Name: JOHN M. DANIEL  
 Title: EVP, HUMAN RESOURCES

Intending to be legally bound, I agree with and accept the foregoing terms.

  
 Thomas C. Adams, Jr.

November 12, 2008

**Charles T. Tuggle, Jr.**  
c/o First Horizon National Corporation  
Memphis, TN 38103

Dear Mr. Tuggle,

First Horizon National Corporation (the "*Company*") has been approved to enter into a Securities Purchase Agreement (the "*Participation Agreement*"), with the United States Department of Treasury ("*Treasury*") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "*CPP*").

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In addition, the Company is required to review its Benefit Plans to ensure that they do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of the Company. To the extent any such review requires revisions to any Benefit Plan with respect to you, you and the Company agree to negotiate such changes promptly and in good faith.

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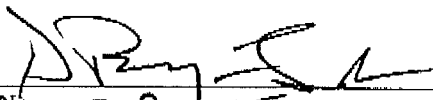
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\* \* \*

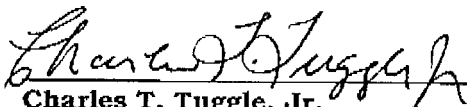
The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Very truly yours,

FIRST HORIZON NATIONAL CORPORATION

By:   
 Name: D. Bryan Jordan  
 Title: PRESIDENT & CEO

Intending to be legally bound, I agree with and accept the foregoing terms.

  
 Charles T. Tuggle, Jr.

November 12, 2008

**Charles G. Burkett**

c/o First Horizon National Corporation  
Memphis, TN 38103

Dear Mr. Burkett,

First Horizon National Corporation (the "*Company*") has been approved to enter into a Securities Purchase Agreement (the "*Participation Agreement*"), with the United States Department of Treasury ("*Treasury*") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "*CPP*").

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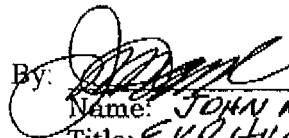
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- The validity, interpretation, construction and performance of this letter shall be governed by the laws of the State of Tennessee.

\* \* \*

The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Very truly yours,

FIRST HORIZON NATIONAL CORPORATION

By:   
 Name: JOHN M. DANIEL  
 Title: EVP HUMAN RESOURCES

Intending to be legally bound, I agree with and accept the foregoing terms.

  
**Charles G. Burkett**

November 12, 2008

**Frank Gusmus**

c/o First Horizon National Corporation  
Memphis, TN 38103

Dear Mr. Gusmus,

First Horizon National Corporation (the "*Company*") has been approved to enter into a Securities Purchase Agreement (the "*Participation Agreement*"), with the United States Department of Treasury ("*Treasury*") that provides for the Company's participation in the Treasury's TARP Capital Purchase Program (the "*CPP*").

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\* \* \*

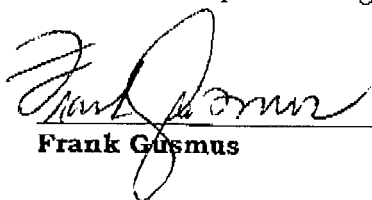
The Board appreciates the concessions you are making and looks forward to your continued leadership during these financially turbulent times.

Very truly yours,

FIRST HORIZON NATIONAL CORPORATION

By:   
 Name: D. BRYAN JORDAN  
 Title: PRESIDENT & CEO

Intending to be legally bound, I agree with and accept the foregoing terms.

  
**Frank Gusmus**

**WAIVER**

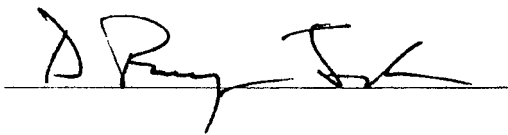
I, **Bryan Jordan**, an executive of First Horizon National Corporation, hereby agree as follows:

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

This waiver includes all claims I may have under the laws of the United States or any state related to the requirements imposed by the aforementioned regulation, including without limitation a claim for any compensation or other payments I would otherwise receive, any challenge to the process by which this regulation was adopted and any tort or constitutional claim about the effect of these regulations on my employment relationship.

Agreed and acknowledged as of November 12, 2008

A handwritten signature in black ink, appearing to read "Bryan Jordan", is written over a horizontal line.

## WAIVER

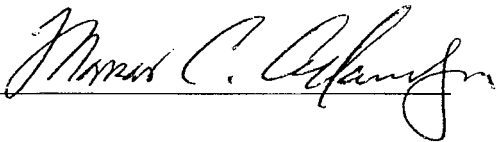
I, Thomas C. Adams, Jr., an executive of First Horizon National Corporation, hereby agree as follows:

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

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Agreed and acknowledged as of November 12, 2008

  
\_\_\_\_\_

## WAIVER

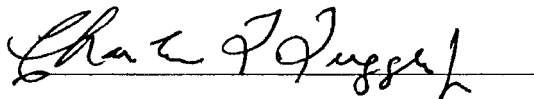
I, Charles T. Tuggle, Jr., an executive of First Horizon National Corporation, hereby agree as follows:

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

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Agreed and acknowledged as of November 12, 2008

A handwritten signature in cursive script, reading "Charles T. Tuggle, Jr.", is written over a horizontal line.

**WAIVER**

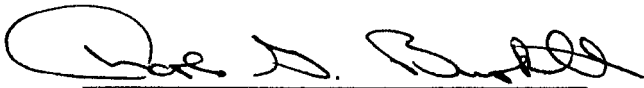
I, **Charles G. Burkett**, an executive of First Horizon National Corporation, hereby agree as follows:

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

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Agreed and acknowledged as of November 12, 2008

A handwritten signature in black ink, appearing to read "Charles G. Burkett", written over a horizontal line.

## WAIVER

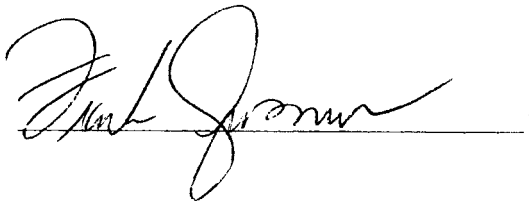
I, **Frank Gusmus**, an executive of First Horizon National Corporation, hereby agree as follows:

In consideration for the benefits I will receive as a result of my employer's participation in the United States Department of the Treasury's TARP Capital Purchase Program, I hereby voluntarily waive any claim against the United States or my employer for any changes to my compensation or benefits that are required to comply with the regulation issued by the Department of the Treasury as published in the Federal Register on October 20, 2008.

I acknowledge that this regulation may require modification of the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including so-called "golden parachute" agreements) that I have with my employer or in which I participate as they relate to the period the United States holds any equity or debt securities of my employer acquired through the TARP Capital Purchase Program.

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Agreed and acknowledged as of November 12, 2008

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