

Edgar Filing: SKY FINANCIAL GROUP INC - Form 425

SKY FINANCIAL GROUP INC  
Form 425  
December 21, 2006

Filed by Huntington Bancshares Incorporated  
Pursuant to Rule 425 under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12  
of the Securities Exchange Act of 1934

Subject Company: Sky Financial Group, Inc.  
(Commission File No. 001-14473)

Huntington

Sky

A Value Added Combination  
---  
A Stronger Regional Presence

December 21, 2006

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Meeting Participants

Huntington

Tom Hoaglin  
-- Chairman, President and Chief Executive Officer

Don Kimble  
-- Executive Vice President -- Chief Financial Officer

Jay Gould  
-- Senior Vice President -- Investor Relations

Sky

Marty Adams  
-- Chairman, President and Chief Executive Officer

Presentation Overview

- o Why this transaction?
- o A value added combination
- o A stronger regional presence
- o Organizational structure
- o Low execution risk
- o Appendix

Why This Transaction?

A Huntington Perspective

- o Fits our M&A philosophy and pricing parameters
  - Creates shareholder value
  - Improves market share in existing markets
  - Expands into new markets with significant market shares
  - Increases customer convenience
  - Compatible cultures of local decision-making and focus on customer service excellence

A Sky Financial Perspective

- o Provides attractive shareholder returns
  - Receive an immediate premium
  - Will also participate in value created by the merger
- o Enhances customer convenience and gives access to a broader array of products and services
- o Retains local management
- o Compatible cultures

Attractive Shareholder Benefits (1)

- o Immediately accretive (excluding merger-related charges)

	GAAP EPS	Cash EPS
	-----	-----
2007 (2)	\$0.01 / 0.5%	\$0.06 / 3.0%
2008	\$0.09 / 4.5%	\$0.18 / 8.8%

- o 10%+ accretive on incremental shares
- o 16% Internal rate of return  
-- Based on HBAN's existing P/E of 13.0 X
- o NPV of synergies exceeds premium paid
- o Reasonably priced

(1) See slides 25 -- 28 in the appendix for details and assumptions

(2) Assumes July 2007 close

Transaction Summary

Transaction value: \$3.6 billion (90% Stock / 10% Cash)

Consideration: 1.098 shares + \$3.023 cash for each share of SKYF

Per share value: \$30.22 (includes cash payment)

HBAN shares issued: 130 million

Transaction structure: Stock portion: tax-free exchange  
Cash payment: taxable

Due diligence: Completed

Cost savings estimate: \$115 million pre-tax  
25% of SKYF base / 8% of combined base

Restructuring charge: \$200 million pre-tax

Required approvals: Regulatory; HBAN & SKYF shareholders

Anticipated closing: July 2007

Termination fee: \$125 million

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Transaction Pricing

	HBAN / SKYF (1) -----	Nationwide (2) -----	Midwest / Northeast (3) -----
1-week premium to shareholders	23%	23%	28%
Price / current year EPS (4)	16.2X	17.0X	15.7X
Price / book value	1.90X	2.60X	2.51X
Price / tangible book value	3.38X	3.78X	3.78X
Core deposit premium (5)	24%	31%	27%

(1) SKYF is pro forma for recent acquisitions.

(2) Nationwide comparable transactions defined as select bank and thrift transactions since 1/1/04 with a deal value between \$1 bn and \$11 bn.

(3) Midwest / Northeast comparable transactions defined as select bank and thrift transactions since 1/1/04 with a deal value between \$1 bn and \$11 bn for targets located in Midwest and Northeast regions.

(4) SKYF's 2006 mean EPS estimate of Wall Street analysts per Thomson Financial.

(5) Represents total deposits less CDs >\$100K and other deposits deemed non-core

Attractive Financial Benefits (1)

- o Improves net interest margin
  - Raises loan yields
  - Lowers deposit costs

		HBAN	Pro Forma	Change
		----	-----	-----
Loan yield (2)	3Q06	6.96%	7.22%	0.26%
Deposit rate (3)	3Q06	3.14	3.10	(0.04)
Net interest margin (4)	3Q06	3.22	3.39	0.17

- o Improves efficiency ratio

		HBAN	Pro Forma	Change
		----	-----	-----
Efficiency ratio (5)	3Q06	57.8%	54.1%	(3.7)%

- o New retail and commercial insurance agency line of business
- o Maintains strong capital levels
  - Leverage ratio exceeds 7%
  - Tangible equity ratio approximately 6% pro forma in Year 1
- o Diversifies loan portfolio

(1) Based on 3Q06 results excluding any purchase accounting adjustments  
 (2) See slide 29 in appendix  
 (3) See slide 30 in appendix; includes non-interest bearing deposits  
 (4) See slide 31 in appendix; represents SKYF pro forma 3Q06 NIM of 3.49% + 16 bp improvement from announced investment portfolio restructuring  
 (5) Pro forma includes pro-rata estimate of targeted \$115 MM of expense saves



A Better-Balanced Franchise (1)

Loan Composition

Deposit Composition

- (1) 3Q06 average balances
- (2) Pro forma: reported 3Q06 amounts adjusted for subsequent acquisitions
- (3) Includes non-interest bearing deposits

A Stronger Regional Presence

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 Pro Forma Deposits - Top 11 MSAs  
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MSA	Rank	BOs	Deposits	Share
---	---	---	-----	-----
Columbus	1	81	\$8,625	28.1%
Cleveland	5	78	3,330	5.2
Indianapolis	3	63	2,624	10.6
Detroit	8	42	2,297	2.6
Toledo	1	56	2,258	24.9
Pittsburgh	7	46	1,845	3.0
Youngstown	1	40	1,777	21.5
Cincinnati	5	37	1,546	3.8
E. Liverpool-Salem	1	15	1,261	57.9
Canton-Massillon	1	28	1,238	24.3
Grand Rapids	3	23	1,216	10.3

BOs = Banking offices

Source: SNL Financial, company presentations and filings. FDIC deposit data as of June 30, 2006; excludes the impact of any banking office closings

A Stronger Regional Presence

Strengthens Ohio Franchise

o #3 deposit market share

o #1 in banking offices

o 819 ATMs

-- 573 Huntington  
 -- 246 Sky Financial

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Pro Forma			
-----			
		(\$B)	BOs
-----			
1	National City	\$30.9	409
2	Fifth Third	25.9	389
-----			

x Leverages technology expertise

-----			
3	KeyCorp	22.8	225
4	HBAN	16.3	228
5	JPM Chase	15.6	281
6	U.S. Bancorp	14.2	353
7	SKYF	8.6	221
8	RBS Group	8.3	177
9	First Merit	7.1	156
10	Third FS&LA	4.9	26
-----			

A Stronger Regional Presence

Strengthens Indianapolis Franchise  
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o #3 deposit market share	-----		
	Pro Forma		
o #3 in banking offices	-----		
		(\$B)	BOs
o 120 ATMs		----	----
--    70 Huntington	1	JPM Chase	\$5.8 75
--    50 Sky Financial	2	National City	4.6 74
		-----	
		HBAN / SKYF	2.6 63
	-----		
	3	Fifth Third	2.4 50
	4	SKYF	2.0 44
	5	First Indiana	1.5 30
	6	KeyCorp	0.9 24
	7	Regions Fin'l	0.9 28
	8	NB Indianapolis	0.8 9
	9	HBAN	0.6 19
	10	Lincoln Bancorp	0.5 14
	-----		

A Stronger Regional Presence

			Offices (1)		Market Share (2)	
			Now	Pro Forma	Now	Pro Forma
Strengthens Existing Markets						
#1	--	Columbus	67	81	27%	28%
#5	--	Cleveland	47	78	4	5
#1	--	Toledo	20	56	11	25
#1	--	Canton-Massillon	16	28	15	24
#6	--	Akron	13	28	4	8
#6	--	Dayton	11	15	5	6
Expands Into New Markets						
#7	--	Pittsburgh	--	46	--	3
#1	--	Youngstown	--	40	--	22
#1	--	E. Liverpool-Salem	--	15	--	58

(1) Excludes impact of any banking office closings

(2) June 2006 FDIC data

Organizational Structure

Board Composition

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	Current	Post-merger
	-----	-----
Huntington	11	10
Sky Financial	14	5

Primary Officers

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Tom Hoaglin	Chairman & CEO
Marty Adams	President & COO

Succession Plan

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Marty Adams	To be appointed President & CEO on, or before, December 31, 2009
Tom Hoaglin	To remain Chairman until early 2011

Other Appointments

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Selected the best

Organizational Structure

Tom Hoaglin -- Chairman & CEO

----- Lines of Business -----	----- Support -----
Regional Banking -- Marty Adams, President & COO (S)	Finance -- Don Kimble, CFO (H)
Dealer Sales -- Nick Stanutz (H)	o Controller -- Tom Reed (H)
Private Financial & Capital Markets Group -- Dan Benhase (H)	o Investor Relations -- Jay Gould (H)
o Huntington Investment Company -- Rob Comfort (H)	o Regional Banking -- Kevin Thompson (S)
o Huntington Capital	Risk Management -- Jim Nelson (H)
o Trust	o Chief Credit Officer -- Dick Witherow (H)
-- Personal -- Bruce Ross (H)	Human Resources -- Melinda Ackerman (H)
o NE Ohio -- John Gulas (S)	Legal -- Richard Cheap (H)
-- Institutional -- Nancy Kelly (H)	Government Affairs -- Barbara Benham (H)
o Private Banking -- Andy Livingston (H)	-----
o Investment Management -- Randy Bateman (H)	Merger Integration -----
-----	Phil Clinard (S)
	Milt Baughman (H)
	-----
	Internal Audit -- Eric Sutphin (H)
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Organizational Structure

Marty Adams -- President & COO

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-----  
                Regional Banking  
                -----  
Group President -- Jim Dunlap (H)  
o W Michigan -- Jim Dunlap (H)  
o E Michigan -- Rebecca Smith (H)  
o NW Ohio -- Sharon Speyer (S)  
o W Pennsylvania -- Stephen Sant (S)  
  
Group President -- Mike Prescott (H)  
o SW Ohio -- Mike Prescott (H)  
o West Virginia -- Mike Comer (H)  
o Ohio Valley -- Jayson Zatta (S)  
o Western Reserve -- Rick Hull (S)  
  
Group President -- Gary Small (S)  
o Cleveland -- Jerry Kelsheimer (H)  
o Mahoning Valley -- Frank Hierro (S)  
o Pittsburgh -- Vincent Locher (S)  
o Indiana -- Mike Newbold (S)  
-----  
Group President -- Mary Navarro (H)  
o Central Ohio Region -- Jim Kunk (H)  
o Marketing -- Kim Ravenda (H)  
o Home Lending -- Jim Baron (H)  
o Business Banking -- Jeff Rosen (H)  
o Product Management  
o Commercial / Retail  
o Channels  
  -- Call centers  
  -- ATMs  
  -- Internet  
o Distribution Planning  
-----  
-----  
Insurance -- Jerry Batt (S)  
Senior Lender -- Mike Cross (H)  
                -- Frank Koch (S)  
Sales -- Perry Atwood -- (S)  
Operations & Technology -- TBD  
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Low Execution / Integration Risk

- o Significant due diligence completed
- o Retention and familiarity of local management
- o Key appointments already decided
- o Similar business model
  - Local decision making
  - Focus on service excellence
- o Common cultures
- o Low credit risk
- o Conservative cost saves
- o Manageable integration risk
  - Experienced teams
  - Single bank charter
  - Single technology platform
- o Fits our M&A philosophy

Basis of Presentation

Use of Pro Forma data

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This presentation contains Pro Forma financial measures where management believes it to be helpful in understanding how the proposed merger with Sky Financial Group will impact Huntington's results of operations or financial position. The data represent actual reported information as of September 30, 2006 for both organizations, combined arithmetically, with no adjustments for purchase accounting made, unless otherwise noted. The data for Sky Financial Group also include Union Federal Bank reported information on a similar pro forma basis, as this transaction was completed by Sky Financial Group subsequent to September 30, 2006.

Use of non-GAAP financial measures

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This presentation contains GAAP financial measures and non-GAAP financial measures where management believes it to be helpful in understanding Huntington's results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in the current quarter earnings press release, this presentation, or in the Quarterly Financial Review supplement to the current Earnings Press Release, which can be found on Huntington's website at [huntington-ir.com](http://huntington-ir.com).

Annualized data

-----  
Certain returns, yields, performance ratios, or growth rates for a quarter are "annualized" in this presentation to represent an annual time period. This is done for analytical and decision -making purposes to better discern underlying performance trends when compared to full-year or year-over-year amounts. For example, loan growth rates are most often expressed in terms of an annual rate like 8%. As such, a 2% growth rate for a quarter would represent an annualized 8% growth rate.

Fully taxable equivalent interest income and net interest margin

-----  
Income from tax-exempt earnings assets is increased by an amount equivalent to the taxes that would have been paid if this income had been taxable at statutory rates. This adjustment puts all earning assets, most notably tax-exempt municipal securities and certain lease assets, on a common basis that facilitates comparison of results to results of competitors.

Earnings per share equivalent data

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Significant and/or one-time income or expense items may be expressed on a per common share basis. This is done for analytical and decision -making purposes to better discern underlying trends in total corporate earnings per share performance excluding the impact of such items. Investors may also find this information helpful in their evaluation of the company's financial performance against published earnings per share consensus amounts, which typically exclude the impact of significant and/or one-time items. Earnings per share equivalents are usually calculated by applying a 35% effective tax rate to a pre-tax amount to derive an after-tax amount which is divided by the average shares outstanding during the respective reporting period. Occasionally, when the item

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involves special tax treatment, the after-tax amount is separately disclosed, with this then being the amount used to calculate the earnings per share equivalent.

### Rounding

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Please note that columns of data in the following slides may not add due to rounding.

### NM or nm

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Percent changes of 100% or more are shown as "nm" or "not meaningful" . Such large percent changes typically reflect the impact of one-time items within the measured periods. Since the primary purpose of showing a percent change is for discerning underlying performance trends, such large percent changes are "not meaningful" for this purpose.

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Forward Looking Statements

This presentation contains certain forward -looking statements, including certain plans, expectations, goals, and projections, and including statements about the benefits of the merger between Huntington and Sky Financial Group, which are subject to numerous assumptions, risks, and uncertainties.

Actual results could differ materially from those contained or implied by such statements for a variety of factors including: the businesses of Huntington and Sky Financial Group may not be integrated successfully or such integration may take longer to accomplish than expected; the expected cost savings and any revenue synergies from the merger may not be fully realized within the expected timeframes; disruption from the merger may make it more difficult to maintain relationships with clients, associates, or suppliers; the required governmental approvals of the merger may not be obtained on the proposed terms and schedule; Huntington and/or Sky Financial Group's stockholders may not approve the merger; changes in economic conditions; movements in interest rates; competitive pressures on product pricing and services; success and timing of other business strategies; the nature, extent, and timing of governmental actions and reforms; and extended disruption of vital infrastructure; and other factors described in Huntington's 2005 Annual Report on Form 10-K, Sky Financial Group's 2005 Annual Report on Form 10-K, and documents subsequently filed by Huntington and Sky Financial Group with the Securities and Exchange Commission.

All forward-looking statements included in this news release are based on information available at the time of the release. Neither Huntington nor Sky Financial Group assume any obligation to update any forward -looking statement.

Additional Information About the Merger and Where to Find It

Huntington and Sky Financial Group will be filing relevant documents concerning the transaction with the Securities and Exchange Commission, including a registration statement on Form S-4 which will include a proxy statement/prospectus. Stockholders will be able to obtain a free copy of the proxy statement/prospectus, as well as other filings containing information about Huntington and Sky Financial Group, at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Copies of the proxy statement/prospectus and the filings with the Securities and Exchange Commission that will be incorporated by reference in the proxy statement/prospectus can also be obtained, without charge, by directing a request to Huntington Bancshares Incorporated, Huntington Center, 41 South High Street, Columbus, Ohio 43287, Attention: Investor Relations, 614-480-4060, or

Sky Financial Group, 221 South Church Street, Bowling Green, Ohio, 43402. The final proxy statement / prospectus will be mailed to stockholders of Huntington and Sky Financial Group.

Stockholders are urged to read the proxy statement/prospectus, and other relevant documents filed with the Securities and Exchange Commission regarding the proposed transaction when they become available, because they will contain important information.

The directors and executive officers of Huntington and Sky Financial Group and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. Information regarding Huntington's directors and executive officers is available in its proxy statement filed with the SEC by Huntington on March 8, 2006. Information regarding Sky Financial Group's directors and executive officers is available in its proxy statement filed with the SEC by Sky Financial Group on February 23, 2006. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

A Value Added Combination  
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A Stronger Regional Presence

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Appendix

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Fits Our M&A Philosophy (1)

- x Adds to shareholder value from the start
- x Builds market share in existing markets
- x Enters new markets with high market shares
- x Enriches deposit mix... higher relative DDA
- x Similar business model... decentralized decision making
- x Similar focus on service excellence
- x Retains local management
- x Similar core values / culture
- x Revenue opportunities... leverage product and service capabilities
- x Leverages technology expertise

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(1) As outlined in 9/27/06 analyst day presentation

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Fits Our M&A Discipline Parameters (1)

- x Use of realistic cost savings assumptions
  - o Within footprint
  - o Ability to leverage existing Huntington infrastructure
- x The present value of synergies exceeds the premium paid to SKYF shareholders
- x GAAP accretive in 2007
  - o Excludes one time merger charges
  - o Includes impact of intangible amortization
- x Significant GAAP accretion for second year and beyond
  - o Long-term accretion of 10%+ on incremental shares issued

(1) As outlined in 9/27/06 analyst day presentation

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Accretion Analysis ~ Pro forma

(\$ in millions, except per share data)	2007	2008
Net Income:		
Huntington	\$441	\$458
Sky Financial	117	251
Pro Forma Net Income	\$558	\$710
Adjustments (after-tax):		
Cost Synergies	\$ 29	\$81
Acquisition Cost of Cash	(6)	(1)
Net Core Deposit Intangible Amortization	(11)	(2)
Secondary Cash Effects	(1)	(1)
Adjusted Net Income	\$569	\$756
Common Shares Issued	130	130
Pro Forma Diluted Shares Outstanding	302	363
HBAN projected GAAP EPS (1)	\$1.87	\$1.99
Pro Forma combined GAAP EPS	\$1.88	\$2.08
Accretion / Dilution (%)	0.5%	4.%
HBAN projected Cash EPS	\$1.90	\$2.02
Pro Forma combined Cash EPS	\$1.96	\$2.20
Accretion / Dilution (%)	3.0%	8.%

1. Mean of Wall Street estimates per Thomson Financial.

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Accretion Analysis ~ Pro forma

Key Assumptions

- o SKYF core deposits: \$10.7 B
  - Core deposit intangible: \$319.5 MM (3.0% of core deposits)
  - Amortization method: 10 Yr SOYD
- o Cost saves: \$115 million pre-tax
  - 25% of SKYF~s \$460 MM expense base
  - Phase in: 37.5% in 2007, 100% in 2008 and thereafter
- o Pre-tax restructuring charge: \$200 MM
- o SKYF 2007 EPS and 2008 EPS: \$2.00 and \$2.14, respectively
- o HBAN 2007 EPS and 2008 EPS; \$1.87 and \$1.99, respectively
  - Stand alone fully-diluted shares: 235.7 MM in 2007 and 230.2 MM in 2008
  - Pro forma fully-diluted shares: 302.3 MM in 2007 and 363.4 MM in 2008

Internal Rate of Return

(\$ in millions)	Transaction Closing	2007	2008	2009	2010	2011
Aggregate deal value	(\$ 3,584)					
Cash restructuring costs	(144)					
Sky Financial cash income		\$ 125	\$ 265	\$ 281	\$ 298	\$ 316
Cost saves		29	81	84	88	91
Secondary cash effects		(0)	0	(1)	(4)	(8)
Required growth capital (1)	(0)	(20)	(40)	(42)	(43)	(44)
Terminal multiple (13.0x)	0	0	0	0	0	5,368
Incremental cash flows	(\$ 3,729)	\$ 134	\$ 306	\$ 323	\$ 338	\$5,723
Estimated IRR		16.0%				

1. Based on tangible common equity ratio of 6.50% .

Assumptions:

- o SKYF long-term EPS annual growth rate: 7.0%
- o SKYF asset growth rate per annum: 3.5%

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Pro Forma Deposit Market Share (1)

(\$MM)	Huntington				Sky Financial				Pro For		
	Rank	BOs	Deposits	Share	Rank	BOs	Deposits	Share	Rank	BOs	Dep
Ohio	4	228	\$ 16,278	7.8%	7	221	\$ 8,620	4.1%	3	449	\$
Michigan	9	119	5,143	3.4	93	5	125	0.1	9	124	
Indiana	23	25	798	0.9	9	44	2,016	2.3	5	69	
Pennsylvania	--	--	--	--	17	66	2,552	1.1	17	66	
West Virginia	6	31	1,549	6.2	61	3	76	0.3	6	34	
Kentucky	28	14	444	0.7	--	--	--	--	28	14	
Columbus	1	67	\$ 8,302	27.0%	15	14	\$ 323	1.1%	1	81	\$
Cleveland	8	47	2,370	3.7	13	31	960	1.5	5	78	
Indianapolis	9	19	617	2.5	4	44	2,007	8.0	3	63	
Detroit	8	42	2,297	2.6	--	--	--	--	8	42	
Toledo	4	20	969	10.7	3	36	1,289	14.2	1	56	
Pittsburgh	--	--	--	--	7	46	1,845	3.0	7	46	
Youngstown	--	--	--	--	1	40	1,777	21.5	1	40	
Cincinnati	5	36	1,532	3.8	75	1	14	0.0	5	37	
E. Liverpool-Salem	--	--	--	--	1	15	1,261	57.9	1	15	
Canton-Massillon	2	16	783	15.4	6	12	455	8.9	1	28	
Grand Rapids	3	23	1,216	10.3	--	--	--	--	3	23	
Akron	8	13	447	4.2	8	15	427	4.0	6	28	
Dayton	6	11	468	4.6	11	4	129	1.3	6	15	

(1) June 2006 FDIC data; excludes impact of any banking office closings BOs = Banking offices

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Loan Portfolio Composition (1)

Loans and Leases - avg.

2006 Third Quarter

(in millions)

	HBAN		SKYF *		Pro
Middle market commercial & industrial	\$ 5,591	21%	\$ 3,082	24%	\$
Middle market commercial real estate	3,917	15	4,556	36	
Small business C&I and CRE	2,531	10	527	4	
Total commercial	12,039	46	8,165	65	2
Automobile loans and leases	4,055	15	442	3	
Home equity	5,041	19	2,049	16	
Residential mortgage	4,748	18	1,737	14	
Other loans	430	2	264	2	
Total consumer	14,274	54	4,492	35	1
Total loans and leases	\$ 26,313	100%	\$ 12,657	100%	\$ 3
Average yield	6.96%		7.77%		

\* Reported 3Q06 amounts adjusted for subsequent acquisitions

(1) Excluding any purchase accounting adjustments

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Deposit Mix (1)

Deposits - avg.

2006 Third Quarter

(in millions)

	HBAN		SKYF *		P
Demand deposits - non-interest bearing	\$ 3,509	14	\$ 1,895	14	\$
Demand deposits - interest bearing	7,858	32	627	5	
Savings and other domestic time deposits	2,923	12	3,688	28	
Core certificates of deposit	5,334	22	4,367	33	
Total core deposits	19,624	80	10,577	80	3
Other domestic time deposits of \$100,000 or more	1,141	5	1,569	12	
Brokered deposits and negotiable CDs	3,307	13	1,059	8	
Foreign time deposits	521	2	-	-	
Total deposits	\$ 24,593	100%	\$ 13,205	100%	\$ 3
Average rate	3.66%		3.53%		
Average rate including non-interest bearing	3.14%		3.03%		

\* Reported 3Q06 amounts adjusted for subsequent acquisitions

(1) Excluding any purchase accounting adjustments

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Earning Assets & Funding Mix (1)

Earning Assets - avg.

2006 Third Quarter

(in millions)

	HBAN		SKYF *		P
Loans and leases	\$ 26,313	82%	\$ 12,657	76%	\$ 38,
Investment securities	4,945	15	3,624	22	8,
Other	712	2	483	3	1,
Total earning assets	\$ 31,970	100%	\$ 16,764	100%	\$ 48,
Average yield	6.73%		6.94%		6.
Interest Bearing Liabilities - avg.					
Interest bearing deposits	\$ 21,084	75%	\$ 11,310	78%	\$ 32,
Short-term borrowings	1,660	6	850	6	2,
Federal Home Loan Bank advances	1,349	5	1,657	11	3,
Subordinated notes and other long-term debt	3,921	14	602	4	4,
Total interest bearing liabilities	\$ 28,014	100%	\$ 14,419	100%	\$ 42,
Average rate	4.02%		3.92%		3.
Net Interest Margin	3.22%		3.49%		3.

\* Reported 3Q06 amounts adjusted for subsequent acquisitions

(1) Excluding any purchase accounting adjustments

(2) 3.39% including 16 bp improvement from SKYF's announced investment portfolio restructuring



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Financial Performance Summary (1)

	Third Quarter 2006			First 9 Mont 2006		
	HBAN	SKYF *	Pro-forma	HBAN	SKYF *	
(in thousands)						
Net interest income	\$255,313	\$146,692	\$402,005	\$ 761,188	\$449,858	\$1
Provision for credit losses	14,162	8,805	22,967	49,447	28,193	
Total non-interest income	\$ 97,910	\$ 43,787	\$141,697	\$ 420,463	\$198,489	\$
Total non-interest expense	\$242,430	\$120,589	\$363,019	\$ 733,204	\$386,690	\$1
Income before income taxes	\$ 96,631	\$ 61,085	\$157,716	\$ 399,000	\$233,464	\$
Net interest margin (2)	3.22	3.34%	3.34	3.29	3.58	
Efficiency ratio (3)	57.8	55.2	54.1	58.1	57.6	
Revenue - fully taxable equivalent (FTE)						
Net interest income	\$255,313	\$146,692	\$402,005	\$ 761,188	\$449,858	\$1
FTE adjustment (2)	4,090	766	4,856	11,910	2,286	
Net interest income (2)	259,403	147,458	406,861	773,098	452,144	1
Non-interest income	97,910	43,787	141,697	420,463	198,489	
Total revenue (2)	\$357,313	\$191,245	\$548,558	\$1,193,561	\$650,633	\$1

(1) Excluding any purchase accounting adjustments

(2) On a FTE basis assuming a 35% tax rate.

(3)  $(\text{NIE-amort. intang.}) / (\text{Total FTE revenue} - \text{sec.gains})$  with pro-forma amounts including pro-rata of targeted \$115MM of expense saves.

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Non-interest Income Detail (1)

	Third Quarter 2006					
	HBAN		SKYF *		P	
(in thousands)						
Service charges on deposit accounts	\$ 48,718	50%	\$ 25,953	59%	\$ 7	2
Trust services	22,490	23	5,835	13		2
Brokerage and insurance income	14,697	15	15,156	35		2
Bank owned life insurance income	12,125	12	1,585	4		1
Other service charges and fees	12,989	13	9,334	21		2
Mortgage banking	(2,166)	(2)	(20,507)	(47)		(2)
Securities gains (losses)	(57,332)	(59)	36	0		(5)
Gain on sale of automobile loans	863	1	-	-		
Other	36,946	38	6,395	15		4
Sub-total before automobile operating lease income	89,330	91	43,787	100		13
Automobile operating lease income	8,580	9	-	-		
Total non-interest income	\$ 97,910	100%	\$ 43,787	100%	\$14	

	First 9 Months 2006					
	HBAN		SKYF *		P	
(in thousands)						
Service charges on deposit accounts	\$137,165	33%	\$ 76,647	39%	\$21	8
Trust services	66,444	16	17,728	9		8
Brokerage and insurance income	44,235	11	50,828	26		9
Bank owned life insurance income	32,971	8	4,702	2		3
Other service charges and fees	37,570	9	26,851	14		6
Mortgage banking	36,021	9	(8,325)	(4)		2
Securities gains (losses)	(57,387)	(14)	(4,456)	(2)		(6)
Gain on sale of automobile loans	1,843	0	-	-		
Other	83,830	20	34,514	17		11
Sub-total before automobile operating lease income	382,692	91	198,489	100		58
Automobile operating lease income	37,771	9	-	-		3
Total non-interest income	\$420,463	100%	\$198,489	100%	\$61	

\* Reported 3Q06 amounts adjusted for subsequent acquisitions

(1) Excluding any purchase accounting adjustments

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Non-interest Expense Detail (1)

	Third Quarter 2006					
	HBAN		SKYF *		Pro-	
(in thousands)						
Personnel costs	\$133,823	55%	\$ 67,139	56%	\$ 200,962	
Net occupancy	18,109	7	11,587	10	29,696	
Outside data processing and other services	18,664	8	3,456	3	22,120	
Equipment	17,249	7	5,721	5	22,970	
Professional services	6,438	3	2,390	2	8,828	
Marketing	7,846	3	4,910	4	2,756	
Telecommunications	4,818	2	2,201	2	7,019	
Printing and supplies	3,416	1	1,405	1	4,821	
Amortization of intangibles	2,902	1	3,728	3	6,630	
Merger, integration and restructuring	442	0	941	1	1,383	
Other	22,735	9	17,111	14	39,846	
Sub-total before automobile operating lease expense	236,442	98	120,589	100	357,031	
Automobile operating lease expense	5,988	2	-	-	5,988	
Total non-interest expense	\$242,430	100%	\$120,589	100%	\$ 363,019	

	First 9 Monhs 2006					
	HBAN		SKYF *		Pro-for	
(in thousands)						
Personnel costs	\$403,284	55%	\$216,437	56%	\$ 619,721	
Net occupancy	54,002	7	39,041	10	93,043	
Outside data processing and other services	58,084	8	10,429	3	68,513	
Equipment	51,761	7	17,721	5	69,482	
Professional services	18,095	2	7,162	2	25,257	
Marketing	25,521	3	14,585	4	40,106	
Telecommunications	14,633	2	6,327	2	20,960	
Printing and supplies	10,254	1	4,333	1	14,587	
Amortization of intangibles	6,969	1	11,413	3	18,382	
Merger, integration and restructuring	4,092	1	1,485	0	5,577	
Other	59,192	8	57,757	15	116,949	
Sub-total before automobile operating lease expense	705,887	96	386,690	100	1,092,577	
Automobile operating lease expense	27,317	4	-	-	27,317	
Total non-interest expense	\$733,204	100%	\$386,690	100%	\$1,119,894	

\* Reported 3Q06 amounts adjusted for subsequent acquisitions

(1) Excluding any purchase accounting adjustments



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Credit Quality (1)

(in thousands)	HBAN	SKYF *	Pro-forma
September 30, 2006			
NPLs/NPAs			
Non-performing loans and leases (NPLs)	\$129,312	\$148,542	\$277,854
Other real estate owned (OREO)	41,900	18,139	60,039
Non-performing assets (NPAs)	\$171,212	\$166,681	337,893
NPLs percent of total loans and leases	0.49%	1.18%	0.71%
NPAs percent of total loans and leases + OREO	0.65	1.32	0.87
ALLL/ACL			
Allowance for loan and lease losses (ALLL)	\$280,152	\$173,381	\$453,533
Allowance for unfunder loan commitments (AULC)	39,302	522	39,824
Allowance for credit losses (ACL)	\$319,454	\$173,903	493,357
ALLL percent of:			
Total loans and leases	1.06%	1.37%	1.16%
NPLs	217	117	163
NPAs	164	104	134
ACL percent of:			
Total loans and leases	1.21%	1.38%	1.27%
NPLs	247	117	178
NPAs	187	104	146
Third Quarter 2006			
Net Charge-offs (NCOs)			
Net charge-offs (NCOs)	\$ 21,239	\$ 11,488	\$ 32,727
NCO annualized percentages	0.32%	0.36%	0.34%
First 9 Months of 2006			
Net charge-offs (NCOs)	\$ 59,406	\$ 35,698	\$ 95,104
NCO annualized percentages	0.31%	0.37%	0.33%

\* Reported 3Q06 amounts adjusted for subsequent acquisitions  
(1) Excluding any purchase accounting adjustments