

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
QUARTERLY PERIOD ENDED **September 30, 2007**

Commission File Number: **000-33243**

# Huntington Preferred Capital, Inc.

**Ohio**  
(State or other jurisdiction of  
incorporation or organization)

**31-1356967**  
(I.R.S. Employer  
Identification No.)

**41 South High Street, Columbus, Ohio 43287**

Registrant's telephone number **(614) 480-8300**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes  No

As of October 31, 2007, 14,000,000 shares of common stock without par value were outstanding, all of which were held by affiliates of the registrant.

## HUNTINGTON PREFERRED CAPITAL, INC.

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**Huntington Preferred Capital, Inc.**  
**Condensed Consolidated Balance Sheets**  
*(Unaudited)*

<i>(in thousands, except share data)</i>	September 30, 2007	December 31, 2006	September 30, 2006
<b>Assets</b>			
Cash and interest bearing deposits with The Huntington National Bank	\$ 139,353	\$ 726,154	\$ 529,129
Due from The Huntington National Bank	76,476	134,815	45,910
Loan participation interests:			
Commercial	23,690	31,049	35,041
Commercial real estate	3,236,118	3,108,533	3,287,901
Consumer	1,179,479	845,272	888,603
Residential real estate	91,747	112,355	121,262
Total loan participation interests	4,531,034	4,097,209	4,332,807
Allowance for loan participation losses	(56,255)	(48,703)	(51,729)
Net loan participation interests	4,474,779	4,048,506	4,281,078
Premises and equipment	14,980	17,711	18,658
Accrued income and other assets	23,910	22,550	22,516
<b>Total assets</b>	<b>\$ 4,729,498</b>	<b>\$ 4,949,736</b>	<b>\$ 4,897,291</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Allowance for unfunded loan participation commitments	\$ 4,125	\$ 3,804	\$ 4,658
Dividends and distributions payable	23,246	450,000	22,306
Other liabilities	55	179	123
<b>Total liabilities</b>	<b>27,426</b>	<b>453,983</b>	<b>27,087</b>
<b>Shareholders' Equity</b>			
Preferred securities, Class A, 8.000% noncumulative, non-exchangeable; \$1,000 par and liquidation value per share; 1,000 shares authorized, issued and outstanding	1,000	1,000	1,000
Preferred securities, Class B, variable-rate noncumulative and conditionally exchangeable; \$1,000 par and liquidation value per share; authorized 500,000 shares; 400,000 shares issued and outstanding	400,000	400,000	400,000
Preferred securities, Class C, 7.875% noncumulative and conditionally exchangeable; \$25 par and liquidation value; 2,000,000 shares authorized, issued, and outstanding	50,000	50,000	50,000
Preferred securities, Class D, variable-rate noncumulative and conditionally exchangeable; \$25 par and liquidation value; 14,000,000 shares authorized, issued, and outstanding	350,000	350,000	350,000
Preferred securities, \$25 par, 10,000,000 shares authorized; no shares issued or outstanding	---	---	---
Common stock - without par value; 14,000,000 shares authorized, issued and outstanding	3,694,753	3,694,753	3,848,460
Retained earnings	206,319	---	220,744
<b>Total shareholders' equity</b>	<b>4,702,072</b>	<b>4,495,753</b>	<b>4,870,204</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,729,498</b>	<b>\$ 4,949,736</b>	<b>\$ 4,897,291</b>

See notes to unaudited condensed consolidated financial statements.

**Huntington Preferred Capital, Inc.**  
**Condensed Consolidated Statements of Income**  
*(Unaudited)*

<i>(in thousands of dollars)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
<b>Interest and fee income</b>				
Interest on loan participation interests:				
Commercial	\$ 487	\$ 772	\$ 1,542	\$ 2,410
Commercial real estate	60,350	61,475	173,214	177,098
Consumer	19,706	15,338	51,646	48,105
Residential real estate	1,423	1,880	4,580	6,119
Total loan participation interest income	81,966	79,465	230,982	233,732
Fees from loan participation interests	216	227	617	799
Interest on deposits with The Huntington National Bank	1,961	6,129	12,682	10,910
<b>Total interest and fee income</b>	<b>84,143</b>	<b>85,821</b>	<b>244,281</b>	<b>245,441</b>
Reduction in allowances for credit losses	(5,175)	(3,255)	(6,777)	(17,641)
<b>Interest income after allowances for credit losses</b>	<b>89,318</b>	<b>89,076</b>	<b>251,058</b>	<b>263,082</b>
<b>Non-interest income:</b>				
Rental income	1,710	1,591	5,130	4,773
Collateral fees	81	108	259	941
<b>Total non-interest income</b>	<b>1,791</b>	<b>1,699</b>	<b>5,389</b>	<b>5,714</b>
<b>Non-interest expense:</b>				
Servicing costs	2,971	2,611	8,125	8,114
Depreciation and amortization	892	984	2,714	3,000
(Gain) loss on disposal of premises and equipment	---	---	17	(31)
Other	196	201	603	573
<b>Total non-interest expense</b>	<b>4,059</b>	<b>3,796</b>	<b>11,459</b>	<b>11,656</b>
<b>Income before provision for income taxes</b>	<b>87,050</b>	<b>86,979</b>	<b>244,988</b>	<b>257,140</b>
Provision for income taxes	428	332	1,239	927
<b>Net income</b>	<b>\$ 86,622</b>	<b>\$ 86,647</b>	<b>\$ 243,749</b>	<b>\$ 256,213</b>
<b>Dividends declared on preferred securities</b>	<b>(12,456)</b>	<b>(12,681)</b>	<b>(37,430)</b>	<b>(35,469)</b>
<b>Net income applicable to common shares</b>	<b>\$ 74,166</b>	<b>\$ 73,966</b>	<b>\$ 206,319</b>	<b>\$ 220,744</b>

See notes to unaudited condensed consolidated financial statements.

**Huntington Preferred Capital, Inc.**

**Condensed Consolidated Statements of Changes in Shareholders' Equity**

*(Unaudited)*

<i>(in thousands)</i>	<u>Preferred, Class A</u>		<u>Preferred, Class B</u>		<u>Preferred, Class C</u>	
	Shares	Amount	Shares	Amount	Shares	Amount
<b>Nine Months Ended September 30, 2006:</b>						
Balance, beginning of period	1	\$ 1,000	400	\$ 400,000	2,000	\$ 50,000
Comprehensive Income:						
Net income						
Total comprehensive income						
Balance, end of period	1	\$ 1,000	400	\$ 400,000	2,000	\$ 50,000
<b>Nine Months Ended September 30, 2007 :</b>						
Balance, beginning of period	1	\$ 1,000	400	\$ 400,000	2,000	\$ 50,000
Comprehensive Income:						
Net income						
Total comprehensive income						
Balance, end of period	1	\$ 1,000	400	\$ 400,000	2,000	\$ 50,000

<i>(in thousands)</i>	<u>Preferred, Class D</u>		<u>Preferred</u>		<u>Common</u>		<u>Retained Earnings</u>	<u>Total</u>
	Shares	Amount	Shares	Amount	Shares	Amount		
<b>Nine Months Ended September 30, 2006 :</b>								
Balance, beginning of period	14,000	\$ 350,000	---	\$ ---	14,000	\$ 3,848,460	\$ ---	\$ 4,649,460
Comprehensive Income:								
Net income							256,213	256,213
Total comprehensive income								256,213
Dividends declared on Class A preferred securities							(80)	(80)
Dividends declared on Class B preferred securities							(15,024)	(15,024)
Dividends declared on Class C preferred securities							(2,953)	(2,953)
Dividends declared on Class D preferred securities							(17,412)	(17,412)
Balance, end of period	14,000	\$ 350,000	---	\$ ---	14,000	\$ 3,848,460	\$ 220,744	\$ 4,870,204
<b>Nine Months Ended September 30, 2007 :</b>								
Balance, beginning of period	14,000	\$ 350,000	---	\$ ---	14,000	\$ 3,694,753	\$ ---	\$ 4,495,753
Comprehensive Income:								
Net income							243,749	243,749
Total comprehensive income								243,749
Dividends declared on Class A preferred securities							(80)	(80)
Dividends declared on Class B preferred securities							(16,070)	(16,070)
Dividends declared on Class C preferred securities							(2,953)	(2,953)
Dividends declared on Class D preferred securities							(18,327)	(18,327)
Balance, end of period	14,000	\$ 350,000	---	\$ ---	14,000	\$ 3,694,753	\$ 206,319	\$ 4,702,072

See notes to unaudited condensed consolidated financial statements.

**Huntington Preferred Capital, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
*(Unaudited)*

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
<i>(in thousands)</i>	<b>2007</b>	<b>2006</b>
<b>Operating activities</b>		
Net income	\$ 243,749	\$ 256,213
Adjustments to reconcile net income to net cash provided by operating activities:		
Reduction of allowances for credit losses	(6,777)	(17,641)
Depreciation and amortization	2,714	3,000
Deferred income tax benefit	(389)	(515)
Increase in due from The Huntington National Bank	(1,236)	(3,318)
Decrease in other liabilities	(124)	(167)
Other, net	1,125	219
<b>Net cash provided by operating activities</b>	<b>239,062</b>	<b>237,791</b>
<b>Investing activities</b>		
Participation interests acquired	(2,420,052)	(2,090,195)
Sales and repayments of loans underlying participation interests	2,058,373	2,284,538
Proceeds from the sale of premises and equipment	---	56
<b>Net cash (used in) provided by investing activities</b>	<b>(361,679)</b>	<b>194,399</b>
<b>Financing activities</b>		
Dividends paid on preferred securities	(14,184)	(13,163)
Dividends paid on common stock	(296,292)	(279,684)
Return of capital to common shareholders	(153,708)	(420,316)
<b>Net cash used for financing activities</b>	<b>(464,184)</b>	<b>(713,163)</b>
<b>Change in cash and cash equivalents</b>	<b>(586,801)</b>	<b>(280,973)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>726,154</b>	<b>810,102</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 139,353</b>	<b>\$ 529,129</b>
Supplemental information:		
Income taxes paid	\$ 1,693	\$ 1,577
Dividends and distributions declared, not paid	23,246	22,306
Non-cash change in loan participation activity with The Huntington National Bank	(59,575)	(3,729)

*See notes to unaudited condensed consolidated financial statements.*

## Notes to the Unaudited Condensed Consolidated Financial Statements

### Note 1 - Organization

Huntington Preferred Capital, Inc. (HPCI) was organized under Ohio law in 1992 and designated as a real estate investment trust (REIT) in 1998. Four related parties own HPCI's common stock: Huntington Capital Financing LLC (HCF); Huntington Preferred Capital II, Inc. (HPCII); Huntington Preferred Capital Holdings, Inc. (Holdings); and Huntington Bancshares Incorporated (Huntington). HPCI has one subsidiary, HPCLI, Inc. (HPCLI), a taxable REIT subsidiary formed in March 2001 for the purpose of holding certain assets (primarily leasehold improvements). HCF, HPCII, and Holdings are direct and indirect subsidiaries of The Huntington National Bank (the Bank), a national banking association organized under the laws of the United States and headquartered in Columbus, Ohio. The Bank is a wholly owned subsidiary of Huntington. Huntington is a multi-state diversified financial holding company organized under Maryland law and headquartered in Columbus, Ohio. At September 30, 2007, the Bank, on a consolidated basis with its subsidiaries, accounted for 99% of Huntington's consolidated total assets and, for the nine months ended September 30, 2007, accounted for 91% of Huntington's consolidated net income. Thus, for the purpose of presenting consolidated financial statements for the Bank, Management considers information for the Bank and for Huntington to be substantially the same for these periods.

Certain amounts in the prior year's financial statements have been reclassified to conform to the 2007 presentation.

### Note 2 - Basis of Presentation and New Accounting Pronouncements

The accompanying unaudited condensed consolidated financial statements of HPCI reflect all adjustments consisting of normal recurring accruals, which are, in the opinion of Management, necessary for a fair presentation of the consolidated financial position, the results of operations, and cash flows for the periods presented. These unaudited condensed consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission (SEC) and, therefore, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been omitted. The Notes to the Consolidated Financial Statements appearing in HPCI's 2006 Annual Report on Form 10-K (Form 10-K), which include descriptions of significant accounting policies, as updated by the information contained in this report, should be read in conjunction with these interim financial statements.

HPCI has elected to be treated as a REIT for federal income tax purposes. Management intends to maintain compliance with the provisions of the Internal Revenue Code and, therefore, HPCI is not subject to federal income taxes. HPCI's subsidiary, HPCLI, has elected to be treated as a taxable REIT subsidiary and, therefore, a separate provision related to its income taxes is included in the accompanying unaudited condensed consolidated financial statements.

All of HPCI's common stock is owned by affiliates; therefore, net income per common share information is not presented.

Cash and cash equivalents used in the Statement of Cash Flows is defined as "Cash and interest bearing deposits with The Huntington National Bank."

**Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*** – In July 2006, the FASB issued FIN 48, *Accounting for Uncertainty in Income Taxes*. This Interpretation of FASB Statement No. 109, *Accounting for Income Taxes*, contains guidance on the recognition and measurement of uncertain tax positions. HPCI adopted FIN 48 on January 1, 2007. HPCI recognizes the impact of a tax position if it is more likely than not that it will be sustained upon examination, based upon the technical merits of the position. The adoption of this new pronouncement did not impact HPCI's financial condition, results of operations, or cash flows (See Note 9).

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

**FASB Statement No. 157, *Fair Value Measurements (Statement No. 157)*** – In September 2006, the FASB issued Statement No. 157. This Statement establishes a common definition for fair value to be applied to GAAP guidance requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. Statement No. 157 is effective for fiscal years beginning after November 15, 2007. The impact of this new pronouncement is not expected to be material to HPCI's financial condition, results of operations, or cash flows.

**FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities (Statement No. 159)*** – In February 2007, the FASB issued Statement No. 159. This Statement permits entities to choose to measure financial instruments and certain other financial assets and financial liabilities at fair value. This Statement is effective for fiscal years beginning after November 15, 2007. The impact of this new pronouncement is not expected to be material to HPCI's financial condition, results of operations, or cash flows.

### Note 3 – Lending Concentrations and Participations in Non-Performing Assets and Past Due Loans

There were no underlying loans outstanding that would be considered a concentration of lending in any particular industry, group of industries, or business activity. Underlying loans were, however, generally collateralized by real estate. Loans made to borrowers in the four states of Ohio, Indiana, Kentucky, and Michigan comprised 93.3%, 94.6%, and 95.1% of the portfolio at September 30, 2007, December 31, 2006, and September 30, 2006, respectively.

Participations in loans on non-accrual status and loans past due 90 days or more and still accruing interest were as follows:

<i>(in thousands)</i>	September 30, 2007	December 31, 2006	September 30, 2006
Commercial	\$ 240	\$ 687	\$ 143
Commercial real estate	49,151	19,966	16,784
Consumer	3,250	3,490	3,375
Residential real estate	1,239	1,159	1,598
<b>Total participations in non-performing assets</b>	<b>\$ 53,880</b>	<b>\$ 25,302</b>	<b>\$ 21,900</b>
<b>Participations in accruing loans past due 90 days or more</b>	<b>\$ 3,178</b>	<b>\$ 5,393</b>	<b>\$ 6,124</b>

### Note 4 - Allowances for Credit Losses (ACL)

The allowances for credit losses (ACL) are comprised of the allowance for loan participation losses (ALPL) and the allowance for unfunded loan participation commitments (AULPC). Loan participations are acquired net of related ALPL. As a result, this ALPL is transferred to HPCI from the Bank and is reflected as ALPL acquired, rather than HPCI having to record a provision expense for ALPL. If credit quality deteriorates more than implied by the ALPL acquired, a provision to the ALPL is made. If credit quality performance is better than implied by the ALPL acquired, an ALPL reduction is recorded. Over time as loan participations mature, refinance, or other such actions occur, their allowance, not absorbed by loan losses, is released through the reduction in ALPL.

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

The following table reflects activity in the ACL for the three and nine months ended September 30, 2007 and 2006:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
<b>ALPL balance, beginning of period</b>	\$ 57,074	\$ 51,466	\$ 48,703	\$ 57,530
ALPL for loan participations acquired	6,906	5,055	21,880	16,689
Net loan losses	(2,778)	(881)	(7,230)	(4,326)
Reduction in ALPL	(4,947)	(3,911)	(7,098)	(18,164)
<b>ALPL balance, end of period</b>	\$ 56,255	\$ 51,729	\$ 56,255	\$ 51,729
<b>AULPC balance, beginning of period</b>	\$ 4,353	\$ 4,002	\$ 3,804	\$ 4,135
Provision for (reduction in) AULPC	(228)	656	321	523
<b>AULPC balance, end of period</b>	\$ 4,125	\$ 4,658	\$ 4,125	\$ 4,658
<b>Total ACL</b>	\$ 60,380	\$ 56,387	\$ 60,380	\$ 56,387

### Note 5 – Preferred Dividends

Holders of Class A preferred securities, a majority of which are held by Holdings and the remainder by current and past employees of the Bank, are entitled to receive, if, when, and as declared by the Board of Directors of HPCI out of funds legally available, dividends at a fixed rate of \$80.00 per share per annum. Dividends on the Class A preferred securities, if declared, are payable annually in December to holders of record on the record date fixed for such purpose by the Board of Directors in advance of payment.

The holder of the Class B preferred securities, HPC Holdings-II, Inc., a direct non-bank subsidiary of Huntington, is entitled to receive, if, when, and as declared by the Board of Directors of HPCI out of funds legally available, dividends at a variable rate equal to three-month LIBOR published on the first day of each calendar quarter times par value. Dividends on the Class B preferred securities, which are declared quarterly, are payable annually and are non-cumulative. No dividend, except payable in common shares, may be declared or paid upon Class B preferred securities unless dividend obligations are satisfied on the Class A, Class C, and Class D preferred securities.

Holders of Class C preferred securities are entitled to receive, if, when, and as declared by the Board of Directors of HPCI out of funds legally available, dividends at a fixed rate of 7.875% per annum, of the initial liquidation preference of \$25.00 per share, payable quarterly. Dividends accrue in each quarterly period from the first day of each period, whether or not dividends are paid with respect to the preceding period. Dividends are not cumulative and if no dividend is paid on the Class C preferred securities for a quarterly dividend period, the payment of dividends on HPCI's common stock and other HPCI-issued securities ranking junior to the Class C preferred securities (*i.e.*, Class B preferred securities) will be prohibited for that period and at least the following three quarterly dividend periods.

The holder of Class D preferred securities, Holdings, is entitled to receive, if, when, and as declared by the Board of Directors of HPCI out of funds legally available, dividends at a variable rate established at the beginning of each calendar quarter equal to three-month LIBOR published on the first day of each calendar quarter, plus 1.625%, times par value, payable quarterly. Dividends accrue in each quarterly period from the first day of each period, whether or not dividends are paid with respect to the preceding period. Dividends are not cumulative and if no dividend is paid on the Class D preferred securities for a quarterly dividend period, the payment of dividends on HPCI's common stock and other HPCI-issued securities ranking junior to the Class D preferred securities (*i.e.*, Class B preferred securities) will be prohibited for that period and at least the following three quarterly dividend periods.

A summary of dividends declared by each class of preferred securities, follows for the periods indicated:

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

<i>(in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Class A preferred securities	\$ ---	\$ ---	\$ 80	\$ 80
Class B preferred securities	5,360	5,480	16,070	15,024
Class C preferred securities	984	984	2,953	2,953
Class D preferred securities	6,112	6,217	18,327	17,412
<b>Total dividends declared</b>	<b>\$ 12,456</b>	<b>\$ 12,681</b>	<b>\$ 37,430</b>	<b>\$ 35,469</b>

### Note 6 - Related Party Transactions

HPCI is a party to a Third Amended and Restated Loan Subparticipation Agreement with Holdings and a Second Amended and Restated Loan Participation Agreement with the Bank. The Bank is required, under the participation and/or subparticipation agreements, to service HPCI's loan portfolio in a manner substantially the same as for similar work for transactions on its own behalf. The Bank collects and remits principal and interest payments, maintains perfected collateral positions, and submits and pursues insurance claims. In addition, the Bank provides accounting and reporting services to HPCI. The Bank is required to adhere to HPCI's policies relating to the relationship between HPCI and the Bank and to pay all expenses related to the performance of the Bank's duties under the participation and subparticipation agreements. All of these participation interests to date were acquired directly or indirectly from the Bank.

The Bank performs the servicing of the commercial, commercial real estate, residential real estate, and consumer loans underlying the participations held by HPCI in accordance with normal industry practice under the amended participation and subparticipation agreements. In its capacity as servicer, the Bank collects and holds the loan payments received on behalf of HPCI until the end of each month. Loan servicing costs totaled \$3.0 million and \$2.6 million for the three-month periods ended September 30, 2007 and 2006, respectively. For the respective nine-month periods, the costs were \$8.1 million for both periods.

In 2007 and 2006, the annual servicing rates the Bank charged with respect to outstanding principal balances were:

	January 1, 2006 thru September 30, 2007
Commercial and commercial real estate	0.125 %
Consumer	0.650
Residential real estate	0.267

Pursuant to the existing participation and subparticipation agreements, the amount and terms of the loan servicing fee between the Bank and HPCI are determined by mutual agreement from time-to-time during the terms of the agreements. In lieu of paying higher servicing costs to the Bank with respect to commercial and commercial real estate loans, HPCI waived its right to receive any origination fees associated with participation interests in commercial and commercial real estate loans transferred on or after July 1, 2004. The Bank and HPCI performed a review of loan servicing fees in 2007, and have agreed to retain current servicing rates for all loan participation categories, including the continued waiver by HPCI of its right to origination fees, until such time as servicing fees are reviewed in 2008.

Huntington's and the Bank's personnel handle day-to-day operations of HPCI such as financial analysis and reporting, accounting, tax reporting, and other administrative functions. On a monthly basis, HPCI reimburses the Bank and Huntington for the cost related to the time spent by employees for performing these functions. These personnel costs totaled \$0.1 million for each of the three-month periods ended September 30, 2007 and 2006 and are included in other non-interest expense. For the respective nine-month periods, the cost was \$0.4 million for each period.

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

The following table represents the ownership of HPCI's outstanding common and preferred securities as of September 30, 2007:

Shareholder:	Number of Common Shares	Number of Preferred Securities			
		Class A	Class B	Class C	Class D
Held by related parties:					
HPC II	4,550,000	---	---	---	---
HCF	6,580,000	---	---	---	---
Holdings	2,851,333	895	---	---	14,000,000
HPC Holdings-II, Inc.	---	---	400,000	---	---
Huntington	18,667	---	---	---	---
<b>Total held by related parties</b>	<b>14,000,000</b>	<b>895</b>	<b>400,000</b>	<b>---</b>	<b>14,000,000</b>
Other shareholders	---	105	---	2,000,000	---
<b>Total shares outstanding</b>	<b>14,000,000</b>	<b>1,000</b>	<b>400,000</b>	<b>2,000,000</b>	<b>14,000,000</b>

As of September 30, 2007, 10.5% of the Class A preferred securities were owned by current and past employees of Huntington and its subsidiaries in addition to the 89.5% owned by Holdings. The Class A preferred securities are non-voting. All of the Class B preferred securities are owned by HPC Holdings-II, Inc., a non-bank subsidiary of Huntington, and are non-voting. In 2001, the Class C preferred securities were obtained by Holdings, who sold the securities to the public. Various board members and executive officers of HPCI have purchased a portion of the Class C preferred securities. At September 30, 2007, HPCI board members and executive officers beneficially owned, in the aggregate, a total of 4,713 shares, or 0.2%, of the Class C preferred securities. All of the Class D preferred securities are owned by Holdings. Dividends declared and accrued to the Class C shareholders for the first nine months of 2007 were approximately \$3.0 million.

Both the Class C and Class D preferred securities are entitled to one-tenth of one vote per share on all matters submitted to HPCI shareholders. The Class C and Class D preferred securities are exchangeable, without shareholder approval or any action of shareholders, for preferred securities of the Bank with substantially equivalent terms as to dividends, liquidation preference, and redemption if the Office of the Comptroller of the Currency (OCC) so directs only if the Bank becomes, or may in the near term become, undercapitalized or the Bank is placed in conservatorship or receivership. The Class D preferred securities are currently redeemable and Class C preferred securities are redeemable at HPCI's option on or after December 31, 2021, with prior consent of the OCC. In the event HPCI redeems its Class C or Class D preferred securities, holders of such securities will be entitled to receive \$25.00 per share plus accrued and unpaid dividends on such shares. The redemption amount may be significantly lower than the then current market price of the Class C or Class D preferred securities.

As only related parties hold HPCI's common stock, there is no established public trading market for this class of stock.

HPCI's premises and equipment were acquired from the Bank through Holdings. Leasehold improvements were subsequently contributed to HPCLI for its common shares in 2001. HPCLI charges rent to the Bank for use of applicable facilities by the Bank. The amount of rental income received by HPCLI was \$1.7 million and \$1.6 million for the three-months ended September 30, 2007 and 2006, respectively. The amount of rental income received by HPCLI for the nine-months ended September 30, 2007 was \$5.1 million and \$4.8 million for the same period in 2006. Rental income is reflected as a component of non-interest income in the condensed consolidated statements of income.

HPCI had a non-interest bearing receivable from the Bank of \$76.5 million at September 30, 2007, \$134.8 million at December 31, 2006, and \$45.9 million at September 30, 2006. The balances represent the net settlement amounts due to, or from, the Bank for the last month of the period's activity. Principal and interest payments on loan participations remitted by customers are due from the Bank, while new loan participation purchases are due to the Bank. The amounts are settled with the Bank within the first few days of the following month.

## Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

HPCI has assets pledged in association with the Bank's advances from the Federal Home Loan Bank of Cincinnati (FHLB). For further information see Note 7.

HPCI maintains and transacts all of its cash activity through the Bank. Typically, cash is invested with the Bank in an interest-bearing account. These interest-bearing balances are invested overnight or may be invested in Eurodollar deposits with the Bank for a term of not more than 30 days at market rates.

### Note 7 - Commitments and Contingencies

The Bank is eligible to obtain collateralized advances from various federal and government-sponsored agencies such as the FHLB. From time-to-time, HPCI may be asked to act as guarantor of the Bank's obligations under such advances and/or pledge all or a portion of its assets in connection with those advances. Any such guarantee and/or pledge would rank senior to HPCI's common and preferred securities upon liquidation. Accordingly, any federal or government-sponsored agencies that make advances to the Bank where HPCI has acted as guarantor or has pledged all or a portion of its assets as collateral will have a liquidation preference over the holders of HPCI's securities. Any such guarantee and/or pledge in connection with the Bank's advances from the FHLB falls within the definition of Permitted Indebtedness (as defined in HPCI's articles of incorporation) and, therefore, HPCI is not required to obtain the consent of the holders of its common or preferred securities for any such guarantee and/or pledge.

Currently, HPCI's assets have been used to collateralize only one such facility. The Bank has a line of credit from the FHLB, limited to \$4.5 billion as of September 30, 2007, based on the Bank's holdings of FHLB stock. As of this same date, the Bank had borrowings of \$2.8 billion under this facility.

HPCI has entered into an Amended and Restated Agreement with the Bank with respect to the pledge of HPCI's assets to collateralize the Bank's borrowings from the FHLB. The agreement provides that the Bank will not place at risk HPCI's assets in excess of an aggregate dollar amount or aggregate percentage of such assets established from time-to-time by HPCI's board of directors, including a majority of HPCI's independent directors. The pledge limit was established by HPCI's board at 25% of total assets, or approximately \$1.2 billion as of September 30, 2007, as reflected in HPCI's month-end management report. This pledge limit may be changed in the future by the board of directors, including a majority of HPCI's independent directors. The amount of HPCI's participation interests pledged was \$0.1 billion at September 30, 2007, December 31, 2006, and at September 30, 2006. In 2007, the loans pledged consisted of 1-4 family residential mortgage portfolio and consumer second mortgage loans. The agreement also provides that the Bank will pay HPCI a monthly fee based upon the total loans pledged by HPCI. The Bank paid HPCI a total of \$0.1 million for each of the three months ended September 30, 2007 and 2006, as compensation for making such assets available to the Bank. The amounts paid to HPCI for the first nine months of 2007 and 2006 were \$0.3 million and \$0.9 million, respectively. The fee represented thirty-five basis points per year on total pledged loans after April 1, 2006.

Under the terms of the participation and subparticipation agreements, HPCI is obligated to make funds or credit available to the Bank, either directly or indirectly through Holdings so that the Bank may extend credit to any borrowers, or pay letters of credit issued for the account of any borrowers, to the extent provided in the loan agreements underlying HPCI's participation interests. As of September 30, 2007, December 31, 2006, and September 30, 2006, HPCI's unfunded loan commitments totaled \$679.2 million, \$624.5 million, and \$819.2 million, respectively.

### Note 8 - Segment Reporting

HPCI's operations consist of acquiring, holding, and managing its participation interests. Accordingly, HPCI only operates in one segment. HPCI has no external customers and transacts all of its business with the Bank and its affiliates.

## **Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)**

### **Note 9 – Income Taxes**

HPCI adopted the provisions of FIN 48 on January 1, 2007. The implementation of FIN 48 did not impact HPCI's financial statements. As of September 30, 2007, there were no unrecognized tax benefits.

The federal tax return for years ended 2004 and forward are open for review by the Internal Revenue Service.

HPCI recognizes interest and penalties on tax assessments or tax refunds in the financial statements as a component of its provision for income taxes.

## **Item 2. Managements's Discussion and Analysis of Financial Condition and Results of Operations**

### ***INTRODUCTION***

Huntington Preferred Capital, Inc. (HPCI or the Company) is an Ohio corporation operating as a real estate investment trust (REIT) for federal income tax purposes. HPCI's principal business objective is to acquire, hold, and manage mortgage assets and other authorized investments that will generate net income for distribution to its shareholders.

HPCI is a party to a Third Amended and Restated Loan Subparticipation Agreement with Holdings and a Second Amended and Restated Loan Participation Agreement with the Bank. The Bank is required, under the participation and/or subparticipation agreements, to service HPCI's loan portfolio in a manner substantially the same as for similar work for transactions on its own behalf. The Bank collects and remits principal and interest payments, maintains perfected collateral positions, and submits and pursues insurance claims. In addition, the Bank provides to HPCI accounting and reporting services as required. The Bank is required to adhere to HPCI's policies relating to the relationship between HPCI and the Bank and to pay all expenses related to the performance of the Bank's duties under the participation and subparticipation agreements. All of these participation interests to date were acquired directly or indirectly from the Bank.

The following discussion and analysis provides information the Company believes is necessary for understanding the financial condition, changes in financial condition, results of operations, and cash flows and should be read in conjunction with the financial statements, notes, and other information contained in this report. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) appearing in HPCI's 2006 Annual Report on Form 10-K (Form 10-K), as updated by the information contained in this report, should be read in conjunction with this interim MD&A.

### ***Forward-looking Statements***

This report, including MD&A, contains forward-looking statements about HPCI. These include descriptions of products or services, plans, or objectives of Management for future operations, and forecasts of revenues, earnings, cash flows, or other measures of economic performance. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts.

By their nature, forward-looking statements are subject to numerous assumptions, risks, and uncertainties. A number of factors could cause actual conditions, events, or results to differ significantly from those described in the forward-looking statements. These factors include, but are not limited to, those set forth under the heading "Risk Factors" included in Item 1A of HPCI's Form 10-K and other factors described in this report and from time to time in other filings with the Securities and Exchange Commission.

Management encourages readers of this report to understand forward-looking statements to be strategic objectives rather than absolute forecasts of future performance. Forward-looking statements speak only as of the date they are made. HPCI assumes no obligation to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements were made or to reflect the occurrence of unanticipated events.

### ***Critical Accounting Policies***

Note 1 to HPCI's consolidated financial statements included in its Form 10-K lists critical accounting policies used in the development and presentation of its financial statements. These critical accounting policies, as well as this discussion and analysis and other financial statement disclosures, identify and address key variables and other qualitative and quantitative factors that are necessary for an understanding and evaluation of HPCI, its financial position, results of operations, and cash flows.

### ***Use of Significant Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires Management to establish critical accounting policies and make accounting estimates, assumptions, and judgments that affect amounts recorded and reported in its financial statements. An accounting

estimate requires assumptions about uncertain matters that could have a material effect on the financial statements if a different amount within a range of estimates were used or if estimates changed from period to period. Readers of this interim report should understand that estimates are made under facts and circumstances at a point in time and changes in those facts and circumstances could produce actual results that differ from when those estimates were made. HPCI's Management has identified the most significant accounting estimates and their related application in its Form 10-K.

### **SUMMARY DISCUSSION OF RESULTS**

HPCI's revenue is primarily derived from its participation in loans acquired from the Bank and Holdings. Revenue varies based on the level of these assets and their respective interest rates. The cash flows from these assets are used to satisfy HPCI's preferred dividend obligations. The preferred securities are considered equity and, therefore, the dividends are not reflected as interest expense.

HPCI's net income was \$86.6 million for both of the three-month periods ended September 30, 2007 and 2006, while net income applicable to common shareholders was \$74.2 million and \$74.0 million, respectively, for the same three-month periods. The changes in net income applicable to common shareholders was the result of lower dividends declared on preferred securities due to lower three-month LIBOR rates. For the nine-month period ended September 30, 2007 and 2006, HPCI's net income was \$243.7 million and \$256.2 million, respectively, while net income available to common shareholders was \$206.3 million and \$220.7 million, respectively. The decrease in net income was primarily the result of a lower reduction in the allowance for credit losses. The changes in net income applicable to common shareholders were the result of the decrease in net income and higher dividends declared on preferred securities due to higher three-month LIBOR rates over the nine-month period ended September 30, 2007.

HPCI had total assets of \$4.7 billion at September 30, 2007, down slightly from \$4.9 billion at December 31, 2006, and at the end of the same period in the prior year. Total assets consisted principally of participation interests in loans which aggregated \$4.5 billion, \$4.1 billion, and \$4.3 billion, at September 30, 2007, December 31, 2006, and September 30, 2006, respectively. The addition to total loan participation interests and total assets from the end of 2006 and a year ago was due to new loan participation purchases.

Participation interests in underlying loans by category were as follows:

**Table 1 - Loan Participation Interests**

<i>(in thousands)</i>	<b>September 30, 2007</b>	<b>% of Total Assets</b>	<b>December 31, 2006</b>	<b>% of Total Assets</b>	<b>September 30, 2006</b>	<b>% of Total Assets</b>
Gross loan participation interests:						
Commercial	\$ 23,690	0.5	\$ 31,049	0.6	\$ 35,041	0.7
Commercial real estate	3,236,118	68.4	3,108,533	62.8	3,287,901	67.1
Consumer	1,179,479	24.9	845,272	17.1	888,603	18.1
Residential real estate	91,747	2.0	112,355	2.3	121,262	2.6
Total	\$ 4,531,034	95.8	\$ 4,097,209	82.8	\$ 4,332,807	88.5

HPCI's participation interests in commercial loans represented 0.5% of total assets as of September 30, 2007. The decrease in these balances from September 30, 2006 was due to continued portfolio run off. Commercial real estate loan participations at September 30, 2007, which represented 68.4% of total assets, increased \$127.6 million from December 31, 2006. Consumer loan participation interests, which include participations in home equity loans, represented 24.9% of total assets at September 30, 2007, and increased \$334.2 million from December 31, 2006. The increases in the commercial real estate and consumer loan balances from the beginning of the year were due to the purchase of new loan participations. The decrease in commercial real estate and consumer loan balances from September 30, 2006 to December 31, 2006 was the result of fewer new loan participation purchases during that time. Residential real estate loan participation interests represented 2.0% of total assets at September 30, 2007. The decline in balance was due to portfolio run off, as there were no additional residential real estate loan purchases in this time period.

HPCI incurs no direct loan origination costs. In lieu of paying higher servicing costs to the Bank with respect to commercial and commercial real estate loans, HPCI waived its right to receive any origination fees associated with

participation interests in commercial and commercial real estate loans transferred on or after July 1, 2004. The Bank and HPCI performed a review of loan servicing fees in 2007, and have agreed to retain current servicing rates for all loan participation categories, including the continued waiver by HPCI of its right to origination fees, until such time as servicing fees are reviewed in 2008.

Cash and interest bearing deposits with the Bank were \$139.4 million, \$726.2 million, and \$529.1 million at September 30, 2007, December 31, 2006, and September 30, 2006, respectively. The reduction in cash balances from the beginning of the year was related to the common stock dividend and capital distribution for 2006 paid on January 3, 2007, and the purchase of new loan participations, offset by amounts provided by operations. Typically, cash is invested with the Bank in an interest bearing account. These interest-bearing balances are invested in Eurodollar deposits with the Bank for a term of not more than 30 days at market rates.

HPCI had a non-interest bearing receivable from the Bank of \$76.5 million at September 30, 2007, \$134.8 million at December 31, 2006, and \$45.9 million at September 30, 2006. The balances represent the net settlement amounts due to, or from, the Bank for the last month of the period's activity. Principal and interest payments on loan participations remitted by customers and purchases of loan participation interests late in the quarter are due from the Bank, while new loan participation purchases are due to the Bank. The amounts are settled with the Bank within the first few days of the following month.

Total liabilities were \$27.4 million, \$454.0 million, and \$27.1 million at September 30, 2007, December 31, 2006, and September 30, 2006, respectively. The decrease from the beginning of the year was due to the payment of the 2006 common stock dividend and capital distribution.

Shareholders' equity was \$4.7 billion at September 30, 2007, up from \$4.5 billion at December 31, 2006, and down from \$4.9 billion at September 30, 2006. The increase from the beginning of the year is the result of income from operations. The decline from the same quarter a year ago was due to the return of capital to common shareholders from dividends declared in December 2006.

### ***QUALIFICATION TESTS***

Qualification as a REIT involves application of specific provisions of the Internal Revenue Code relating to various asset tests. A REIT must satisfy six asset tests quarterly: (1) 75% of the value of the REIT's total assets must consist of real estate assets, which includes residential real estate loans and commercial real estate loans, including participation interests in residential or commercial real estate loans, mortgage-backed securities eligible to be held by REITs, cash and cash items, and government securities; (2) not more than 25% of the value of the REIT's total assets may consist of securities, other than those includible under the 75% test; (3) not more than 5% of the value of its total assets may consist of securities of any one issuer, other than those securities includible under the 75% test or securities of taxable REIT subsidiaries; (4) not more than 10% of the outstanding voting power of any one issuer may be held, other than those securities includible under the 75% test or securities of taxable REIT subsidiaries; (5) not more than 10% of the total value of the outstanding securities of any one issuer may be held, other than those securities includible under the 75% test or securities of taxable REIT subsidiaries; and (6) a REIT cannot own securities in one or more taxable REIT subsidiaries which comprise more than 20% of its total assets. At September 30, 2007, HPCI met all of the quarterly asset tests.

Also, a REIT must annually satisfy two gross income tests: (1) 75% of its gross income must be from qualifying income closely connected with real estate activities; and (2) 95% of its gross income must be derived from sources qualifying for the 75% test plus dividends, interest, and gains from the sale of securities. In addition, a REIT must distribute 90% of the REIT's taxable income for the taxable year, excluding any net capital gains, to maintain its non-taxable status for federal income tax purposes. For tax year 2006, HPCI met all annual income and distribution tests. HPCI expects to meet the income tests for the tax year 2007 and intends to make distributions that will maintain its non-taxable status for federal income tax purposes.

HPCI operates in a manner that will not cause it to be deemed an investment company under the Investment Company Act. The Investment Company Act exempts from registration as an investment company an entity that is primarily engaged in the business of "purchasing or otherwise acquiring mortgages and other liens on and interests in real estate" (Qualifying Interests). Under positions taken by the SEC staff in no-action letters, in order to qualify for this exemption, HPCI must invest at least 55% of its assets in Qualifying Interests and an additional 25% of its assets in

real estate-related assets, although this percentage may be reduced to the extent that more than 55% of its assets are invested in Qualifying Interests. The assets in which HPCI may invest under the Internal Revenue Code therefore may be further limited by the provisions of the Investment Company Act and positions taken by the SEC staff. At September 30, 2007, HPCI was exempt from registration as an investment company under the Investment Company Act and intends to operate its business in a manner that will maintain this exemption.

## RESULTS OF OPERATIONS

Net income for the third quarter 2007 was \$86.6 million, consistent with net income for the third quarter of 2006. Net income applicable to common shares was \$74.2 million for the third quarter of 2007, an increase of \$0.2 million, or 0.3%, compared to the third quarter of 2006. The increase in net income applicable to common shares was the result of lower dividends declared on preferred securities due to lower three-month LIBOR rates applicable to the Class B and Class D preferred securities.

**Table 2 - Quarterly Statements of Income**

<i>(in thousands)</i>	2007			2006		3Q07 vs 3Q06	
	Third	Second	First	Fourth	Third	\$ Chg	% Chg
Interest and fee income							
Interest on loan participation interests:							
Commercial	\$ 487	\$ 514	\$ 541	\$ 742	\$ 772	\$ (285)	(36.9) %
Commercial real estate	60,350	56,419	56,445	60,377	61,475	(1,125)	(1.8)
Consumer	19,706	17,475	14,465	14,604	15,338	4,368	28.5
Residential real estate	1,423	1,540	1,617	1,762	1,880	(457)	(24.3)
<b>Total loan participation interest income</b>	<b>81,966</b>	<b>75,948</b>	<b>73,068</b>	<b>77,485</b>	<b>79,465</b>	<b>2,501</b>	<b>3.1</b>
Fees from loan participation interests	216	203	198	265	227	(11)	(4.8)
Interest on deposits with The Huntington National Bank	1,961	5,113	5,608	8,115	6,129	(4,168)	(68.0)
<b>Total interest and fee income</b>	<b>84,143</b>	<b>81,264</b>	<b>78,874</b>	<b>85,865</b>	<b>85,821</b>	<b>(1,678)</b>	<b>(2.0)</b>
Provision for (reduction in) allowances for credit losses	(5,175)	1,091	(2,693)	(4,400)	(3,255)	(1,920)	59.0
<b>Interest income after provision for (reduction in) allowances for credit losses</b>	<b>89,318</b>	<b>80,173</b>	<b>81,567</b>	<b>90,265</b>	<b>89,076</b>	<b>242</b>	<b>0.3</b>
Non-interest income:							
Rental income	1,710	1,710	1,710	1,710	1,591	119	7.5
Collateral fees	81	86	92	101	108	(27)	(25.0)
<b>Total non-interest income</b>	<b>1,791</b>	<b>1,796</b>	<b>1,802</b>	<b>1,811</b>	<b>1,699</b>	<b>92</b>	<b>5.4</b>
Non-interest expense:							
Servicing costs	2,971	2,704	2,450	2,521	2,611	360	13.8
Depreciation and amortization	892	903	919	947	984	(92)	(9.3)
Loss on disposal of premises and equipment	---	---	17	---	---	---	---
Other	196	213	194	198	201	(5)	(2.5)
<b>Total non-interest expense</b>	<b>4,059</b>	<b>3,820</b>	<b>3,580</b>	<b>3,666</b>	<b>3,796</b>	<b>263</b>	<b>6.9</b>
<b>Income before provision for income taxes</b>	<b>87,050</b>	<b>78,149</b>	<b>79,789</b>	<b>88,410</b>	<b>86,979</b>	<b>71</b>	<b>0.1</b>
Provision for income taxes	428	418	393	386	332	96	28.9
<b>Net income</b>	<b>\$ 86,622</b>	<b>\$ 77,731</b>	<b>\$ 79,396</b>	<b>\$ 88,024</b>	<b>\$ 86,647</b>	<b>\$ (25)</b>	<b>(0.0) %</b>
<b>Dividends declared on preferred securities</b>	<b>(12,456)</b>	<b>(12,438)</b>	<b>(12,536)</b>	<b>(12,475)</b>	<b>(12,681)</b>	<b>225</b>	<b>(1.8)</b>
<b>Net income applicable to common shares <sup>(1)</sup></b>	<b>\$ 74,166</b>	<b>\$ 65,293</b>	<b>\$ 66,860</b>	<b>\$ 75,549</b>	<b>\$ 73,966</b>	<b>\$ 200</b>	<b>0.3 %</b>

<sup>(1)</sup> All of HPCI's common stock is owned by Huntington, HPCII, HCF, and Holdings and, therefore, net income per share is not presented.

Net income for the nine-months ended September 30, 2007 was \$243.7 million, down 4.9%, from \$256.2 million for the same period in 2006. Net income applicable to common shares for the nine-months ended September 30, 2007 was \$206.3 million, a decrease of \$14.4 million, or 6.5%, compared to the same period in 2006. Decreased net income for the first nine-months of 2007, compared with the same period of 2006, was primarily the result of a lower reduction in allowances for credit losses. The decline in net income applicable to common shares was the result of the decrease in net income and higher dividends declared on preferred securities due to higher three-month LIBOR rates applicable to the Class B and Class D preferred securities.

**Table 3 - Year-To-Date Statements of Income**

<i>(in thousands)</i>	<b>Nine Months Ended September 30,</b>		<b>2007 vs 2006</b>	
	<b>2007</b>	<b>2006</b>	<b>\$ Chg</b>	<b>% Chg</b>
Interest and fee income				
Interest on loan participation interests:				
Commercial	\$ 1,542	\$ 2,410	\$ (868)	(36.0) %
Commercial real estate	173,214	177,098	(3,884)	(2.2)
Consumer	51,646	48,105	3,541	7.4
Residential real estate	4,580	6,119	(1,539)	(25.2)
<b>Total loan participation interest income</b>	<b>230,982</b>	<b>233,732</b>	<b>(2,750)</b>	<b>(1.2)</b>
Fees from loan participation interests	617	799	(182)	(22.8)
Interest on deposits with The Huntington National Bank	12,682	10,910	1,772	16.2
<b>Total interest and fee income</b>	<b>244,281</b>	<b>245,441</b>	<b>(1,160)</b>	<b>(0.5)</b>
Provision for (reduction in) allowances for credit losses	(6,777)	(17,641)	10,864	(61.6)
<b>Interest income after reduction in allowances for credit losses</b>	<b>251,058</b>	<b>263,082</b>	<b>(12,024)</b>	<b>(4.6)</b>
Non-interest income:				
Rental income	5,130	4,773	357	7.5
Collateral fees	259	941	(682)	(72.5)
<b>Total non-interest income</b>	<b>5,389</b>	<b>5,714</b>	<b>(325)</b>	<b>(5.7)</b>
Non-interest expense:				
Servicing costs	8,125	8,114	11	0.1
Depreciation and amortization	2,714	3,000	(286)	(9.5)
(Gain) loss on disposal of premises and equipment	17	(31)	48	N.M.
Other	603	573	30	5.2
<b>Total non-interest expense</b>	<b>11,459</b>	<b>11,656</b>	<b>(197)</b>	<b>(1.7)</b>
<b>Income before provision for income taxes</b>	<b>244,988</b>	<b>257,140</b>	<b>(12,152)</b>	<b>(4.7)</b>
Provision for income taxes	1,239	927	312	33.7
<b>Net income</b>	<b>\$ 243,749</b>	<b>\$ 256,213</b>	<b>\$ (12,464)</b>	<b>(4.9) %</b>
<b>Dividends declared on preferred securities</b>	<b>(37,430)</b>	<b>(35,469)</b>	<b>(1,961)</b>	<b>5.5</b>
<b>Net income applicable to common shares <sup>(1)</sup></b>	<b>\$ 206,319</b>	<b>\$ 220,744</b>	<b>\$ (14,425)</b>	<b>(6.5) %</b>

<sup>(1)</sup> All of HPCI's common stock is owned by Huntington, HPCII, HCF and Holdings and therefore, net income per share is not presented.

N.M. - Not Meaningful.

### **Interest and Fee Income**

HPCI's primary source of revenue is interest and fee income on its participation interests in loans. At September 30, 2007 and 2006, HPCI did not have any interest-bearing liabilities or related interest expense. Interest income is impacted by changes in the levels of interest rates and earning assets. The yield on earning assets is the percentage of interest income to average earning assets.

The tables below show HPCI's average balances, interest and fee income, and yields for the three and nine months ended September 30, 2007 and 2006:

**Table 4 - Interest and Fee Income**

<i>(in millions)</i>	Three Months Ended September 30,					
	2007			2006		
	Average Balance	Income <sup>(1)</sup>	Yield	Average Balance	Income <sup>(1)</sup>	Yield
Loan participation interests:						
Commercial	\$ 26.0	\$ 0.5	7.43 %	\$ 36.3	\$ 0.8	8.44 %
Commercial real estate	3,261.9	60.4	7.35	3,287.8	61.5	7.43
Consumer	1,166.9	19.8	6.74	909.8	15.5	6.75
Residential real estate	93.8	1.4	6.07	125.4	1.9	6.00
Total loan participations	4,548.6	82.1	7.17	4,359.3	79.7	7.25
Interest bearing deposits in the Bank	145.1	2.0	5.29	457.2	6.1	5.25
Total	\$ 4,693.7	\$ 84.1	7.11 %	\$ 4,816.5	\$ 85.8	7.06 %

<sup>(1)</sup> Income includes interest and fees.

**Table 5 - Year-To-Date Interest and Fee Income**

<i>(in millions)</i>	Nine Months Ended September 30,					
	2007			2006		
	Average Balance	Income <sup>(1)</sup>	Yield	Average Balance	Income <sup>(1)</sup>	Yield
Loan participation interests:						
Commercial	\$ 27.9	\$ 1.5	7.38 %	\$ 42.0	\$ 2.4	7.69 %
Commercial real estate	3,146.3	173.5	7.37	3,317.9	177.5	7.15
Consumer	1,035.7	52.0	6.71	958.4	48.5	6.77
Residential real estate	100.0	4.6	6.10	137.2	6.1	5.95
Total loan participations	4,309.9	231.6	7.18	4,455.5	234.5	7.04
Interest bearing deposits in the Bank	318.2	12.7	5.26	285.9	10.9	5.03
Total	\$ 4,628.1	\$ 244.3	7.05 %	\$ 4,741.4	\$ 245.4	6.92 %

<sup>(1)</sup> Income includes interest and fees.

Interest and fee income was \$84.1 million for the three-months ended September 30, 2007, compared with \$85.8 million for the year ago quarter. As shown in Table 4, the decrease in interest and fee income was the result of lower earning asset balances. For the three-months ended September 30, 2007 compared with the same period in 2006, the yield on interest-earning assets increased 5 basis points to 7.11%, while average interest-earning asset balances decreased \$122.8 million, or 2.5%. For the nine-months ended September 30, 2007 and 2006, interest and fee income was \$244.3 million and \$245.4 million, respectively. As shown in Table 5, the slight decrease in interest and fee income was the result of lower interest-earning asset balances offset by higher yields. At September 30, 2007, December 31, 2006, and September 30, 2006, approximately 62%, 67%, and 67%, respectively, of the portfolio was comprised of variable interest rate loan participations. The tables above include interest received on participations in loans that are on a non-accrual status in the individual portfolios.

#### **Allowances for Credit Losses (ACL)**

HPCI maintains two reserves, both of which are available to absorb credit losses: the allowance for loan participation losses (ALPL) and the allowance for unfunded loan participation commitments (AULPC). When summed together, these reserves constitute the total allowances for credit losses (ACL).

The following table shows the activity in HPCI's ALPL and AULPC for each of the last five quarters and for the nine months ended September 30, 2007 and 2006:

**Table 6 - Allowances for Credit Loss Activity**

<i>(in thousands)</i>	2007			2006	
	Third	Second	First	Fourth	Third
<b>ALPL balance, beginning of period</b>	\$ 57,074	\$ 50,107	\$ 48,703	\$ 51,729	\$ 51,466
Allowance of loan participations acquired	6,906	9,673	5,301	2,715	5,055
Net loan (losses) recoveries					
Commercial	15	81	20	158	77
Commercial real estate	(1,658)	(2,201)	(590)	(1,411)	(145)
Consumer	(1,135)	(836)	(926)	(942)	(780)
Residential real estate	---	---	---	---	(33)
Total net loan (losses) recoveries	(2,778)	(2,956)	(1,496)	(2,195)	(881)
Provision for (reduction in) ALPL	(4,947)	250	(2,401)	(3,546)	(3,911)
<b>ALPL balance, end of period</b>	\$ 56,255	\$ 57,074	\$ 50,107	\$ 48,703	\$ 51,729
<b>AULPC balance, beginning of period</b>	\$ 4,353	\$ 3,512	\$ 3,804	\$ 4,658	\$ 4,002
Provision for (reduction in) AULPC	(228)	841	(292)	(854)	656
<b>AULPC balance, end of period</b>	\$ 4,125	\$ 4,353	\$ 3,512	\$ 3,804	\$ 4,658
<b>Total Allowance for Credit Losses</b>	\$ 60,380	\$ 61,427	\$ 53,619	\$ 52,507	\$ 56,387
<b>ALPL as a % of total participation interests</b>	1.24 %	1.28 %	1.21 %	1.19 %	1.19 %
<b>ACL as a % of total participation interests</b>	1.33	1.38	1.29	1.28	1.30

<i>(in thousands)</i>	Nine Months Ended September 30,	
	2007	2006
<b>ALPL balance, beginning of period</b>	\$ 48,703	\$ 57,530
Allowance for loan participations acquired	21,880	16,689
Net loan (losses) recoveries		
Commercial	116	966
Commercial real estate	(4,449)	(3,083)
Consumer	(2,897)	(2,144)
Residential real estate	---	(65)
Total net loan (losses) recoveries	(7,230)	(4,326)
Reduction in ALPL	(7,098)	(18,164)
<b>ALPL balance, end of period</b>	\$ 56,255	\$ 51,729
<b>AULPC balance, beginning of period</b>	\$ 3,804	\$ 4,135
Provision for AULPC	321	523
<b>AULPC balance, end of period</b>	\$ 4,125	\$ 4,658
<b>Total Allowance for Credit Losses</b>	\$ 60,380	\$ 56,387

The allowance for credit losses was \$60.4 million as of September 30, 2007, up from \$52.5 million as of December 31, 2006, and \$56.4 million as of September 30, 2006. The decline in the reduction in the ALPL and resultant increase from year-end and the prior-year third quarter ALPL reflected the impact of increasing monitored credits, primarily resulting from softness in the commercial real estate markets in the Midwest. Our reserve methodology is designed to increase the reserve levels as potential problems are identified. Although monitored credits increased during the quarter, they were consistent with the level of the year-ago quarter.

Total net charge-offs for the quarter ended September 30, 2007, were \$2.8 million, or an annualized 0.24% of average loan participation interests, up from \$0.9 million, or 0.08%, in the same quarter a year ago. For the nine months ended September 30, 2007, total net charge-offs were \$7.2 million, or an annualized 0.22% of average participation interests, up from \$4.3 million, or 0.13%, recorded in the same period in 2006.

In Management's judgment, both the ALPL and the AULPC were adequate at September 30, 2007, to cover credit losses inherent in the loan participation portfolio and portfolio of loan participation commitments. Additional information regarding asset quality appears in the "Credit Quality" section of the Form 10-K for the year ended December 31, 2006.

**Non-Performing Assets (NPAs)**

NPAs consist of participation interests in underlying loans that are no longer accruing interest. Underlying commercial and commercial real estate loans are placed on non-accrual status when collection of principal or interest is in doubt or generally when the underlying loan is 90-days past due. Underlying residential real estate loans are generally placed on non-accrual status within 180-days past due as to principal and 210-days past due as to interest. When interest accruals are suspended, accrued interest income is reversed with current year accruals charged to interest income and prior year amounts generally charged off as a loan loss. Consumer loans are placed on non-accrual status within 180-days past due.

The following table shows NPAs at the end of the most recent five quarters:

**Table 7 - Quarterly Non-Performing Assets**

<i>(in thousands)</i>	2007			2006	
	Third	Second	First	Fourth	Third
Participation interests in non-accrual loans					
Commercial	\$ 240	\$ 391	\$ 408	\$ 687	\$ 143
Commercial real estate	49,151	43,263	23,162	19,966	16,784
Consumer	3,250	3,106	3,243	3,490	3,375
Residential real estate	1,239	1,163	1,659	1,159	1,598
<b>Total Non-Performing Assets</b>	<b>\$ 53,880</b>	<b>\$ 47,923</b>	<b>\$ 28,472</b>	<b>\$ 25,302</b>	<b>\$ 21,900</b>
Participations in Accruing Loans					
<b>Past Due 90 Days or More</b>	<b>\$ 3,178</b>	<b>\$ 3,640</b>	<b>\$ 3,046</b>	<b>\$ 5,393</b>	<b>\$ 6,124</b>
NPAs as a % of total participation interests	1.19 %	1.07 %	0.69 %	0.62 %	0.51 %
ALPL as a % of NPAs	104	119	176	192	236
ACL as a % of NPAs	112	128	188	208	257

Total NPAs increased to \$53.9 million at September 30, 2007, from \$25.3 million at December 31, 2006, and from \$21.9 million at September 30, 2006, representing 1.19%, 0.62%, and 0.51% of total participation interests, respectively. The increase for the past two quarters was primarily associated with commercial real estate relationships in Eastern Michigan.

Underlying loans past due ninety days or more but continuing to accrue interest were \$3.2 million at September 30, 2007, \$5.4 million at December 31, 2006, and \$6.1 million at September 30, 2006.

Under the participation and subparticipation agreements, the Bank may, in accordance with HPCI's guidelines, dispose of any underlying loan that becomes classified, is placed in a non-performing status, or is renegotiated due to the financial deterioration of the borrower. The Bank may, in accordance with HPCI's guidelines, institute foreclosure proceedings, exercise any power of sale contained in any mortgage or deed of trust, obtain a deed in lieu of foreclosure, or otherwise acquire title to a property underlying a mortgage loan by operation of law or otherwise in accordance with the terms of the participation and subparticipation agreement. Prior to completion of foreclosure or liquidation, the participation is sold to the Bank at fair market value. The Bank then incurs all costs associated with repossession and foreclosure.

For a further discussion of “Credit Quality,” see HPCI’s Form 10-K for the year ended December 31, 2006.

**Non-Interest Income and Non-Interest Expense**

Non-interest income was \$1.8 million for the third quarter of 2007 and \$1.7 million for the comparable quarter a year ago. For the nine-months ended September 30, 2007 and 2006, non-interest income was \$5.4 million and \$5.7 million, respectively. This income consists of rental income received from the Bank related to leasehold improvements owned by HPCLI and includes fees from the Bank for use of HPCI’s assets as collateral for the Bank’s advances from the Federal Home Loan Bank of Cincinnati (FHLB). Collateral fees totaled \$0.1 million for three-months ended September 30, 2007 and 2006. For the nine-month periods, the collateral fees totaled \$0.3 million and \$0.9 million, respectively (See Note 7 to the unaudited condensed consolidated financial statements for more information regarding use of HPCI’s assets as collateral for the Bank’s advances from the FHLB.)

Non-interest expense for the third quarter of 2007 was \$4.1 million compared with \$3.8 million for the same period last year. For the nine-months ended September 30, 2007 and 2006, non-interest expense was \$11.5 million and \$11.7 million, respectively. The predominant components of HPCI’s non-interest expense are the fees paid to the Bank for servicing the loans underlying the participation interests and depreciation and amortization on its premises and equipment. Servicing costs amounted to \$3.0 million in the third quarter of 2007, and \$2.6 million for the same period of 2006. The servicing costs for the nine-month period ended September 30, 2007 and 2006 totaled \$8.1 million for each period. The annual servicing rates the Bank charged with respect to outstanding principal balances in 2007 and 2006 were:

	January 1, 2006 thru September 30, 2007
Commercial and commercial real estate	0.125 %
Consumer	0.650
Residential real estate	0.267

Pursuant to the existing participation and subparticipation agreements, the amount and terms of the loan servicing fee between the Bank and HPCI are determined by mutual agreement from time to time during the terms of the agreements. In lieu of paying higher servicing costs to the Bank with respect to commercial and commercial real estate loans, HPCI waived its right to receive any origination fees associated with participation interests in commercial and commercial real estate loans transferred on or after July 1, 2004. The Bank and HPCI performed a review of loan servicing fees in 2007, and agreed to retain current servicing rates for all loan participation categories, including the continued waiver by HPCI of its right to origination fees, until such time as servicing fees are reviewed in 2008.

**Provision for Income Taxes**

HPCI has elected to be treated as a REIT for Federal income tax purposes and intends to maintain compliance with the provisions of the Internal Revenue Code and, therefore, is not subject to federal income taxes. HPCI’s subsidiary, HPCLI, elected to be treated as a taxable REIT subsidiary and, therefore, a separate provision related to its income taxes is included in the accompanying unaudited condensed consolidated financial statements. The provision for income taxes was \$0.4 million and \$0.3 million for the three-month periods ended September 30, 2007 and 2006, respectively. For the nine-month periods ended September 30, 2007 and 2006, the provision for income taxes was \$1.2 million and \$0.9 million, respectively.

**MARKET RISK**

The predominate market risk to which HPCI is exposed is the risk of loss due to a decline in interest rates. If there is a decline in market interest rates, HPCI may experience a reduction in interest income from its loan participation interests and a corresponding decrease in funds available to be distributed to shareholders. When rates rise, HPCI is exposed to declines in the economic value of equity since approximately 38% of its loan participation portfolio at September 30, 2007 was fixed rate.

Huntington conducts its monthly interest rate risk management on a centralized basis and does not manage HPCI’s interest rate risk separately. Two broad approaches to modeling interest rate risk are employed: income simulation and

economic value analysis. An income simulation analysis was used to measure the sensitivity of forecasted interest income to changes in market rates over a one-year horizon. The economic value analysis was conducted by subjecting the period-end balance sheet to changes in interest rates and measuring the impact of the changes in the value of the assets. The models used for these measurements assume among other things, no new loan participation volume.

Using the income simulation model for HPCI as of September 30, 2007, interest income for the next 12-month period would be expected to increase by \$19.0 million, or 7.3%, based on a gradual 200 basis point increase in rates above the forward rates implied in the yield curve. Interest income would be expected to decline \$20.6 million, or 7.9%, in the event of a gradual 200 basis point decline in rates from the forward rates implied in the yield curve.

Using the economic value analysis model for HPCI as of September 30, 2007, the fair value of loan participation interests over the next 12-month period would be expected to increase \$81.4 million, or 1.8%, based on an immediate 200 basis point decline in rates from the forward rates implied in the yield curve. The fair value would be expected to decline \$112.4 million, or 2.5%, in the event of an immediate 200 basis point increase in rates from the forward rates implied in the yield curve.

### ***LIQUIDITY AND CAPITAL RESOURCES***

The objective of HPCI's liquidity management is to ensure the availability of sufficient cash flows to fund its existing loan participation commitments, to acquire additional participation interests, and to pay operating expenses and dividends. Unfunded commitments and additional participation interests in loans are funded with the proceeds from repayment of principal balances by individual borrowers, utilization of existing cash and cash equivalent funds, and if necessary, new capital contributions. Payment of operating expenses and dividends will be funded through cash generated by operations.

In managing liquidity, HPCI takes into account forecasted principal and interest payments on loan participations as well as various legal limitations placed on a REIT. To the extent that additional funding is required, HPCI may raise such funds through retention of cash flow, debt financings, additional equity offerings, or a combination of these methods. However, any cash flow retention must be consistent with the provisions of the Internal Revenue Code requiring the distribution by a REIT of at least 90% of its REIT taxable income, excluding capital gains, and must take into account taxes that would be imposed on undistributed income.

At September 30, 2007, December 31, 2006, and September 30, 2006, HPCI maintained interest bearing and non-interest bearing cash balances with the Bank totaling \$139.4 million, \$726.2 million, and \$529.1 million, respectively. The reduction in cash balances from the beginning of the year was related to the common stock dividend and capital distribution for 2006 paid on January 3, 2007, and purchases of new loan participations, partially offset by amounts provided by operations. HPCI maintains and transacts all of its cash activity with the Bank and invests available funds in Eurodollar deposits with the Bank for a term of not more than 30 days at market rates.

Under the terms of the participation and subparticipation agreements, HPCI is obligated to make funds or credit available to the Bank, either directly or indirectly through Holdings so that the Bank may extend credit to any borrowers, or pay letters of credit issued for the account of any borrowers, to the extent provided in the loan agreements underlying HPCI's participation interests. At September 30, 2007, December 31, 2006, and September 30, 2006, HPCI's unfunded commitments totaled \$679.2 million, \$624.5 million, and \$819.2 million, respectively. It is expected that the existing cash balances and cash flows generated by the existing portfolio will be sufficient to meet these obligations.

At September 30, 2007, HPCI had no material liabilities or contractual commitments, other than unfunded loan commitments of \$679.2 million, and dividends payable of \$23.2 million. In addition to anticipated cash flows, as noted above, HPCI has interest bearing and non-interest bearing cash balances with the bank totaling \$139.4 million to fund these liabilities and contractual commitments.

Shareholders' equity was \$4.7 billion at September 30, 2007, up from \$4.5 billion at December 31, 2006, and down from \$4.9 billion at September 30, 2006. The increase from the end of 2006 related to income from operations. The decline from September 30, 2006, was due to the return of capital to common shareholders declared in December 2006.

### **Item 3. Quantitative And Qualitative Disclosures About Market Risk**

Quantitative and qualitative disclosures for the current period can be found in the Market Risk section of this report, which includes changes in market risk exposures from disclosures presented in HPCI's 2006 Form 10-K.

### **Item 4. Controls and Procedures**

HPCI maintains disclosure controls and procedures designed to ensure that the information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. HPCI's management, with the participation of its President (principal executive officer) and the Vice President (principal financial officer), evaluated the effectiveness of HPCI's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon such evaluation, HPCI's President and Vice President have concluded that, as of the end of such period, HPCI's disclosure controls and procedures are effective.

There have not been any changes in HPCI's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2007, to which this report relates, that have materially affected, or are reasonably likely to materially affect, HPCI's internal control over financial reporting.

### **Item 4T. Controls and Procedures**

Not applicable

## **PART II. OTHER INFORMATION**

In accordance with the instructions to Part II, the other specified items in this part have been omitted because they are not applicable or the information has been previously reported.

### **Item 6. Exhibits**

- (a)
- 3.1. Amended and Restated Articles of Incorporation (previously filed as Exhibit 3(a)(ii) to Amendment No. 4 to Registration Statement of Form S-11 (File No. 333-61182), filed with the Securities and Exchange Commission on October 12, 2001, and incorporated herein by reference.)
  - 3.2. Code of Regulations (previously filed as Exhibit 3(b) to the Registrant's Registration Statement of Form S-11 (File No. 333-61182), filed with the Securities and Exchange Commission on May 17, 2001, and incorporated herein by reference.)
  - 4.1 Specimen of certificate representing Class C preferred securities, previously filed as Exhibit 4 to the Registrant's Amendment No. 1 to Registration Statement of Form S-11 (File No. 333-61182), filed with the Securities and Exchange Commission on May 31, 2001, and incorporated herein by reference.
  - 31.1. Rule 13a – 14(a) Certification – President (chief executive officer).
  - 31.2. Rule 13a – 14(a) Certification – Vice President (chief financial officer).
  - 32.1. Section 1350 Certification – President (chief executive officer).

- 32.2. Section 1350 Certification – Vice President (chief financial officer).
- 99.1. Unaudited Condensed Consolidated Financial Statements of Huntington Bancshares  
Incorporated as of and for the three and nine months ended September 30, 2007 and 2006.

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 9th day of November, 2007.

HUNTINGTON PREFERRED CAPITAL, INC.  
(Registrant)

By: /s/ Donald R. Kimble  
Donald R. Kimble  
President and Director  
(Principal Executive Officer)

By: /s/ Thomas P. Reed  
Thomas P. Reed  
Vice President and Director  
(Principal Financial and Accounting Officer)

## CERTIFICATION

I, Donald R. Kimble, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huntington Preferred Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2007

/s/ Donald R. Kimble  
Donald R. Kimble, President  
(chief executive officer)

**CERTIFICATION**

I, Thomas P. Reed, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Huntington Preferred Capital, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2007

/s/ Thomas P. Reed  
Thomas P. Reed, Vice President  
(chief financial officer)

**SECTION 1350 CERTIFICATION**

In connection with the Quarterly Report of Huntington Preferred Capital, Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald R. Kimble, President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Donald R. Kimble

Donald R. Kimble  
(chief executive officer)  
November 9, 2007

**SECTION 1350 CERTIFICATION**

In connection with the Quarterly Report of Huntington Preferred Capital, Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas P. Reed, Vice President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas P. Reed

Thomas P. Reed  
(chief financial officer)  
November 9, 2007