Huntington Bancshares Incorporated
Huntington Center
41 South High Street
Columbus, Ohio 43287

October 28, 2004

Letter of Comment No: 145
File Reference: EITF03-1A

Mr. Lawrence Smith
Chairman
Emerging Issues Task Force
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: FASB Staff Position 03-1a - Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"

Dear Mr. Smith,

Huntington Bancshares, Inc. appreciates the opportunity to respond to the proposed FASB Staff Position No. 03-1a – Implementation Guidance for the Application of Paragraph 16 of EITF Issues No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"

Response to Issue 1:

We believes that a bright line or other numeric guideline should be provided by the FASB to assess minor impairments. Although financial statement preparers and their auditors would be able to apply the notion of a "minor impairment" without a bright line, we believe that differences in practice will arise, limiting the comparability of financial results.

Response to Issue 2:

Huntington disagrees with the Board's conclusion to limit the notion of "minor impairments" to debt securities analyzed for impairment under paragraph 16 that are impaired because of interest rate and/or sector spread increases. As an investor in fixed income securities that are contractually pre-payable, we believe these securities should be treated the same as other debt securities.

Our investment portfolio is used for liquidity management and asset/liability strategies. The majority of our investment portfolio is designated as "Available for Sale" (AFS) as prescribed by FASB Statement No. 115. We do not believe impairment resulting from changes in interest rates should require management to assert its intention and ability to hold an investment for a

period of time sufficient for a forecasted recovery of fair value up to (or beyond) the cost of the investment for the following reasons:

> Reliable predictive models for forecasting the future direction and extent of interest rate changes do not exist.

Investment portfolio management is critical to our ability to manage interest rate and liquidity risk. Many factors including changing economic conditions, interest rates and liquidity needs impact the decision to purchase and sell investment securities. Management's intentions can and do change over time, which is why many institutions classify securities as AFS under FAS 115.

We believe the Board should retain an approach that is consistent with how FAS 115 has been interpreted prior to EITF 03-1 (with unrealized gains and losses included in other comprehensive income). In the event the Board chooses to pursue the suggested approach under EITF 03-1, the Board should recognize the impact these changes will have on the asset liability management practices of financial institutions, and the impact to the fixed income securities industry. We believe this approach could cause financial institutions to purchase very short duration securities, impacting the market for long duration securities, and the ability for financial institutions to manage risk through asset/liability management.

We also believe that this guidance is inconsistent with other fair value projects currently being discussed at the FASB. While we recognize that the FASB is moving towards fair value measurement of all accounts on the balance sheet, this proposed rule would cause only declines in fair value to be recognized in the income statements, while recoveries of previous declines in fair value will continue to be reported in Other Comprehensive Income until such investment is sold. We believe that if the FASB is inclined to move to a fair value approach, it should focus efforts on determining appropriate fair value measure for the liability portion of the balance sheet rather then modifying the rules that only impact certain classes of assets.

Regardless of which approach the Board pursues, clear and concise implementation guidance must be provided to allow for consistent application across all industries and consistent interpretation by all accounting firms.

We appreciate the opportunity to express our views on the Proposed FSP. If you have any questions regarding our comments, please contact me at (614) 480-5240.

Sincerely,

Don Kimble
Chief Financial Officer and Controller