

KEYCORP /NEW/
Form DEF 14A
April 02, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

KeyCorp

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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- o Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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127 PUBLIC SQUARE
CLEVELAND, OHIO 44114

April 2, 2010

DEAR SHAREHOLDER:

You are cordially invited to attend the 2010 Annual Meeting of Shareholders of KeyCorp which will be held at One Cleveland Center, 1375 East Ninth Street, Cleveland, Ohio, on Thursday, May 20, 2010, at 8:30 a.m., local time.

All holders of record of KeyCorp Common Shares, KeyCorp Series A Preferred Stock, and KeyCorp Series B Preferred Stock as of March 23, 2010 are entitled to vote at the 2010 Annual Meeting.

As described in the accompanying Notice and Proxy Statement, holders of KeyCorp Common Shares will be asked to elect eleven directors for one-year terms expiring in 2011, to consider a proposal to approve the KeyCorp 2010 Equity Compensation Plan, to consider a proposal to amend KeyCorp's Articles and Regulations to revise the voting rights of the Series B Preferred Stock, to ratify the appointment of Ernst & Young LLP as independent auditors for 2010, and to provide advisory approval of KeyCorp's executive compensation program. Holders of Series A Preferred Stock and Series B Preferred Stock will only be asked to vote on the revision of the voting power of the Series B Preferred Stock.

KeyCorp's Annual Report for the year ended December 31, 2009 is enclosed.

A proxy card is enclosed. Holders of KeyCorp Common Stock can vote their shares by telephone, the internet, or by mailing their signed proxy cards in the enclosed return envelopes. Specific instructions for voting by telephone or the internet are attached to the proxy cards. Holder of Series A Preferred Stock and Series B Preferred Stock may only vote by mailing their signed proxy cards.

Sincerely,

Henry L. Meyer III
Chairman of the Board

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127 PUBLIC SQUARE
CLEVELAND, OHIO 44114

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
KEYCORP SHAREHOLDER MEETING TO BE HELD ON MAY 20, 2010 AND
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The 2010 Annual Meeting of Shareholders of KeyCorp will be held at One Cleveland Center, 1375 East Ninth Street, Cleveland, Ohio, on Thursday, May 20, 2010, at 8:30 a.m., local time, for the following purposes:

1. To elect eleven directors to serve for one-year terms expiring in 2011;
2. To approve the KeyCorp 2010 Equity Compensation Plan;
3. To vote upon an amendment to KeyCorp's Articles and Regulations to conform the voting rights of the Series B Preferred Stock issued to the U.S. Treasury with the standard terms mandated by the U.S. Treasury under the Troubled Asset Relief Program Capital Purchase Program;
4. To ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as independent auditors for KeyCorp for the fiscal year ending December 31, 2010;
5. To provide advisory approval of KeyCorp's executive compensation program; and
6. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only holders of record of KeyCorp Common Shares, KeyCorp Series A Preferred Stock, and KeyCorp Series B Preferred Stock at the close of business on March 23, 2010 have the right to receive notice of and to vote at the Annual Meeting and any postponement or adjournment thereof. Holders of Series A Preferred Stock and Series B Preferred Stock are only entitled to vote on Issue Three.

By Order of the Board of Directors
Paul N. Harris
Secretary
April 2, 2010

YOUR VOTE IS IMPORTANT. HOLDERS OF KEYCORP COMMON SHARES CAN VOTE THEIR SHARES BY TELEPHONE, THE INTERNET, OR BY MAILING THEIR SIGNED PROXY CARDS IN THE RETURN ENVELOPES ENCLOSED WITH THE PROXY CARD FOR THAT PURPOSE. SPECIFIC INSTRUCTIONS FOR VOTING BY TELEPHONE OR THE INTERNET ARE ATTACHED TO THE PROXY CARD.

HOLDERS OF KEYCORP SERIES A PREFERRED STOCK AND SERIES B PREFERRED STOCK MAY ONLY VOTE BY MAILING THEIR SIGNED PROXY CARDS.

THE PROXY STATEMENT AND ANNUAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2009 ARE AVAILABLE AT WWW.ENVISIONREPORTS.COM/KEY.

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127 PUBLIC SQUARE
CLEVELAND, OHIO 44114

PROXY STATEMENT

This Proxy Statement is furnished commencing on or about April 2, 2010 in connection with the solicitation on behalf of the Board of Directors of KeyCorp of proxies to be voted at the 2010 Annual Meeting of Shareholders on May 20, 2010, and at all postponements and adjournments thereof. All holders of record of KeyCorp Common Shares at the close of business on March 23, 2010 are entitled to vote. On that date there were 878,960,282 KeyCorp Common Shares outstanding and entitled to vote at the meeting. Each such share is entitled to one vote on each matter to be considered at the meeting and a majority of the outstanding KeyCorp Common Shares shall constitute a quorum. All holders of Series A Non-Cumulative Perpetual Convertible Preferred Stock (Series A Preferred Stock) and Series B Fixed Rate Cumulative Perpetual Preferred Stock (Series B Preferred Stock) at the close of business on March 23, 2010 are entitled to vote on Issue Three regarding the amendment of KeyCorp s Amended and Restated Articles of Incorporation (Articles) and Amended and Restated Code of Regulations (Regulations) to revise the voting rights of the Series B Preferred Stock issued to the U.S. Department of Treasury in connection with the Troubled Asset Relief Program (TARP) Capital Purchase Program. On March 23, 2010, there were 2,904,839 shares of Series A Preferred Stock outstanding and entitled to vote and 25,000 shares of Series B Preferred Stock outstanding and entitled to vote. Each of the shares of Series A Preferred Stock and Series B Preferred Stock shall be entitled to one vote on Issue Three.

Issue One

ELECTION OF DIRECTORS

In accordance with KeyCorp s Regulations, the Board of Directors of KeyCorp (also sometimes referred to herein as the Board) has been fixed as of the 2010 Annual Meeting at 15 members. Under the amendment to KeyCorp s Regulations adopted by the shareholders at the 2008 Annual Meeting, the annual election of directors became effective as of the 2009 Annual Meeting of Shareholders and is phased in over a three-year period. Accordingly, at this Annual Meeting eleven of the Directors terms expire and they will be elected for one-year terms expiring in 2011 (or until their respective successors are elected and qualified, whichever is later). At the 2011 Annual Meeting, the phase-in will be complete and all KeyCorp Directors will be eligible for one-year terms.

The nominees for directors at this Annual Meeting are listed below. All properly appointed proxies will be voted for these nominees unless contrary specifications are properly made, in which case the proxy will be voted or withheld in accordance with such specifications. All nominees are current members of the Board. Should any nominee become unable to accept nomination or election, the proxies will be voted for the election of such person, if any, as shall be recommended by the Board or for holding a vacancy to be filled by the Board at a later date. The Board has no reason to believe that the persons listed as nominees will be unable to serve. In the election of directors, if a nominee receives more against votes than for votes the following procedure will apply: the nominee must submit an offer to resign as a director to the KeyCorp Board of Directors. Thereafter, the Nominating and Corporate Governance Committee of the

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Board of Directors will consider the resignation and will submit its recommendation as to whether to accept or reject the resignation to the Board of Directors which will act on the recommendation and publicly disclose its decision.

Pursuant to rules promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), the following information lists, as to nominees for director and directors whose terms of office will continue after the 2010 Annual Meeting, the principal occupation or employment, age, the year in which each first became a director of KeyCorp, directorships since 2005 in registered investment companies or companies having securities which are registered pursuant to, or that are subject to certain provisions of, the Exchange Act, and information concerning each person's qualifications to serve as a Director of KeyCorp. The information provided is as of January 1, 2010 unless otherwise indicated. Except as otherwise indicated, each nominee or continuing director has had the same principal occupation or employment during the past five years.

NOMINEES FOR TERMS EXPIRING IN 2011

WILLIAM G. BARES

William G. Bares has served as a KeyCorp Director since 1987. Mr. Bares is currently the Chair of the Audit Committee. He also serves on KeyCorp's Nominating and Corporate Governance Committee and has previously served as its Chair. Mr. Bares has also served as Chairman of the Risk Management Committee and of the KeyCorp Compensation and Organization Committee.

Mr. Bares retired at the beginning of 2005 after a long career with The Lubrizol Corporation, for which he served as its chairman and chief executive officer for eight years. During his tenure, The Lubrizol Corporation made acquisitions that nearly doubled the company's size, which required Mr. Bares to directly oversee financing activities, including raising required debt and issuing stock. The Lubrizol Corporation is an innovative specialty chemical company with more than 6,700 employees and laboratories and production facilities in 27 countries, with current revenues of more than \$4.6 billion. Mr. Bares began his career with Lubrizol in 1963 and attained positions with greater responsibility, ultimately becoming chief executive officer and chairman in 1996.

Mr. Bares (age 68) serves on the board of Applied Industrial Technologies, Inc. (since 1987) and has had leadership roles in civic and community organizations.

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JOSEPH A. CARRABBA

Mr. Carrabba joined the KeyCorp Board in 2009. He serves on the Compensation and Organization Committee.

Since 2007, Mr. Carrabba has been the Chairman, President, and Chief Executive Officer of Cliffs Natural Resources, Inc. Cliffs is an international mining and natural resources company with 2009 revenues of \$2.34 billion and 5,404 employees. Mr. Carrabba joined Cliffs in 2005 as President and Chief Operating Officer and became President and Chief Executive Officer in 2006.

Mr. Carrabba joined Cliffs from Rio Tinto, a global mining company where he served for 22 years in a variety of leadership capacities at locations worldwide including the United States, Asia, Australia, Canada, and Europe. Before relocating to Rio Tinto's Diavik Diamond Mines, Inc. in Canada's Northwest Territory where he served most recently as president, he spearheaded the development and implementation of Rio's Six Sigma initiative (an initiative using data measurements and statistics to identify factors to reduce waste, defects and costs and thereby increase bottom line benefits to customers and shareholders) at its bauxite mining operation in Australia.

Mr. Carrabba (age 57) is a Director of Cliffs (since 2006) and the Newmont Gold Company (since 2008) and serves in leadership roles in a number of civic and community organizations.

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DR. CAROL A. CARTWRIGHT

Dr. Cartwright has served as a Director of KeyCorp since 1997. Dr. Cartwright presently serves on the Compensation and Organization Committee and previously served on the Audit and Risk Management Committees.

Dr. Cartwright is currently president of Bowling Green State University. She initially held that position on an interim basis beginning in 2008 and was permanently appointed last year. Previously, she served as president of Kent State University from 1991 through 2006. Kent State serves about 34,000 students on eight campuses and two international sites and employs 5,000 faculty and staff. Bowling Green enrolls approximately 20,000 students on two campuses and employs 3,000 faculty and staff. As the chief executive officer of two complex higher education organizations, Dr. Cartwright has responsibility for implementing strategies that meet state and national needs in teaching and research as well as accountability for a significant group of business units that must operate on a profitable basis. At Kent State, she oversaw the redevelopment of the university's physical plant and infrastructure, including debt financing, private philanthropy and investment policies. Similar capital planning, fundraising and investment responsibilities are part of her responsibilities at Bowling Green.

Dr. Cartwright (age 68) has led a variety of research projects and authored numerous professional publications. She serves on the boards of FirstEnergy Corp. (since 1997) and PolyOne Corporation (since 2000). Dr. Cartwright maintains leadership roles in civic or community organizations.

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ALEXANDER M. CUTLER

Alexander M. Cutler has served as a KeyCorp Director since 2000. Mr. Cutler is KeyCorp's Lead Director. He is the Chair of the Nominating and Corporate Governance Committee and also serves on the Compensation and Organization Committee having previously served as its Chair.

Mr. Cutler is the Chairman, Chief Executive Officer, and President of Eaton Corporation, a global diversified power management company with approximately 70,000 employees that sells products in more than 150 countries. As chairman and chief executive officer of a Fortune 200 company, Mr. Cutler regularly reviews financial reports, risk management structure, policies and compliance activities, controls systems, information technology systems, company pension and deferred compensation plans, and foreign exchange and interest rate risks.

He has extensive experience in acquisition/divestiture negotiations and integrations.

Mr. Cutler assumed his current position at Eaton in 2000 after 31 years with the company and its predecessors.

Mr. Cutler (age 58) serves on the boards of Eaton Corporation (since 2000) and E.I. du Pont Nemours Company (since 2008). He served on the board of Axcelis Technologies Inc. from 2000 to 2006 and maintains leadership roles in civic and community organizations. He chairs The Business Roundtable Corporate Leadership Initiative.

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ELIZABETH R. GILE

Elizabeth R. Gile was elected as a KeyCorp Director in March 2010. She is currently a member of the Risk Management Committee.

In 2005, Ms. Gile retired from Deutsche Bank AG (Deutsche Bank) where she was Managing Director and the Global Head of the Loan Exposure Management Group (2003 to 2005). During her career, Ms. Gile had the opportunity to focus on many aspects of credit origination and risk management. In her role at Deutsche Bank, she created and ran a business division to manage the bank's \$80 billion wholesale loan portfolio using capital market instruments and derivatives to reduce the volatility of financial results. Ms. Gile also spent the first 24 years of her career at J.P. Morgan (1977 to 2001) where she was responsible at varying points for J.P. Morgan's North American business involving high grade credit markets trading, credit portfolio management, corporate lending and credit research. Following her service at J.P. Morgan, Ms. Gile served as Vice Chair of Toronto Dominion Securities and Head of Portfolio Management for the company from 2001-2002.

Since her retirement Ms. Gile served from 2007 to 2009 as Managing Director and Senior Strategic Advisor to BlueMountain Capital Management, a hedge fund management company.

Ms. Gile (age 54) is a Director of Deutsche Bank Trust Corporation and Deutsche Bank Americas (since 2005) and serves in leadership roles in a number of civic and community organizations.

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RUTH ANN M. GILLIS

Ms. Gillis joined the KeyCorp Board in 2009 and serves on the Audit Committee. She has been designated as a financial expert as that term is defined by the Securities and Exchange Commission (SEC).

Since 2008, Ms. Gillis has been an Executive Vice President of the Exelon Corporation. Exelon is an electric utility company. Previously, Ms. Gillis was a Senior Vice President at Exelon from 2005 to 2008. Ms. Gillis serves as president of Exelon Business Services Company, a subsidiary of Exelon, which encompasses information technology, supply chain, legal, communications, real estate and facilities, human resources and finance, as well as other advisory, professional, technical and support services. As President of Exelon Business Services Company, Ms. Gillis is responsible for providing oversight for transactional and corporate services for the Exelon system of companies. Ms. Gillis is a member of Exelon's executive committee, pension investment committee, and the corporate risk management committee as well as a member of the Exelon Foundation Board. Ms. Gillis previously served as Chief Financial Officer of Exelon.

Ms. Gillis' previous experience includes service as Unicom Corporation's chief financial officer and prior thereto as treasurer where she was responsible for overseeing Unicom Corporation's financing activities, cash management, financial risk management, and treasury functions.

Ms. Gillis (age 55) is a director of the Potlatch Corporation (since 2003) where she is Chair of the Compensation Committee and also serves on the Audit Committee. Ms. Gillis serves in leadership roles in a number of civic and community organizations and was a director of Archstone-Smith from 2004 until 2007.

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KRISTEN L. MANOS

Ms. Manos joined the KeyCorp Board in 2009 and serves on the Audit Committee.

Ms. Manos is a partner at Sanderson Berry Co., a private investment advisory services firm located in Holland, Michigan. Ms. Manos engages in business strategy and marketing consulting at Sanderson Berry.

Ms. Manos is a former executive vice president of Herman Miller, Inc. (2004-2009). Herman Miller researches, designs, and distributes furnishings for use worldwide in various environments including office, healthcare, educational, and residential settings and employs approximately 6,000 people. Ms. Manos was president of Herman Miller's North American office business. In this role, she directly participated in corporate risk evaluation, risk management and scenario planning for clients and their facilities.

Ms. Manos' experience spans marketing, finance, manufacturing, and general management. She has led global product development, business development, customer service, and manufacturing teams, and has experience in mergers and acquisitions.

Ms. Manos (age 50) is a member of the stewardship committee of the Holland Hospital Board, which is responsible for financing capital projects, oversight of the hospital's investment portfolio, and oversight of the overall financial health of the hospital. She is also a former member of the Audit and Compensation Committees of Select Comfort Corporation where she served as a director from 2007 until 2008.

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EDUARDO R. MENASCÉ

Eduardo R. Menascé joined the KeyCorp Board of Directors in 2002. He presently serves on the Audit Committee and has previously served on the Compensation and Organization Committee and the Nominating and Corporate Governance Committee. He has been designated as a financial expert as that term is defined by the SEC.

Mr. Menascé is the retired president of the Enterprise Solutions Group of Verizon Communications. Verizon Communications is one of the world's largest telecommunications companies with approximately 222,900 employees. Mr. Menascé's responsibilities at Verizon included oversight of sales, marketing, and service delivery for Verizon's largest business and government customers. Prior to his employment with Verizon, Mr. Menascé served as chief financial officer and chief operating officer of CANTV, the sole provider of comprehensive communications products and services in Venezuela. In these positions, Mr. Menascé led debt restructurings and initial public offerings. Prior to his employment with CANTV, Mr. Menascé held a variety of engineering and managerial positions, including chief financial officer, with GTE Corporation. Mr. Menascé was chief executive officer and chairman of CTI Movil, a US mobile provider in Argentina and has experience in debt renegotiations and high yield debt sales.

Mr. Menascé (age 64) serves on the boards of Hill-Rom Holdings, Inc. (since 2008) where he is a member of the audit committee, Hillenbrand, Inc. (since 2008) where he is the chair of the audit committee, John Wiley & Sons, Inc. (since 2006), and Pitney Bowes Inc. (since 2001). Mr. Menascé served on the board of Hillenbrand Industries, Inc. from 2004 until 2008 when it split into Hill-Rom Holdings, Inc. and Hillenbrand, Inc. Mr. Menascé is also a member of the board of the New York Chapter of the National Association of Corporate Directors.

HENRY L. MEYER III

Henry L. Meyer III is the Chairman of the Board and Chief Executive Officer of KeyCorp. He has served on the Board of Directors since 1996.

Mr. Meyer has spent his entire professional life in the financial services industry, joining the former Society National Bank (now KeyBank National Association) in 1972, and attaining positions of increasing responsibility throughout his career. He became Chairman and Chief Executive Officer of KeyCorp in 2001.

Mr. Meyer (age 60) is a past member of the boards of the Federal Reserve Bank of Cleveland and the Financial Services Roundtable and currently serves on the Federal Advisory Council of the Federal Reserve System.

Mr. Meyer also serves as a director of Continental Airlines, Inc. (since 2003) and is its Lead Director, served on the board of Lincoln Electric Company from 1994 to 2003, and serves in leadership roles in a number of civic and community organizations.

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EDWARD W. STACK

Mr. Stack was elected as a KeyCorp Director in March 2010. He is currently a member of the Audit Committee.

Since 1984, Mr. Stack has been Chairman of the Board of Directors and Chief Executive Officer of Dick's Sporting Goods, Inc., a leading authentic full-line sporting goods retailer offering a broad assortment of brand name sporting goods equipment, apparel, and footwear in a specialty store environment. Since 1977, Mr. Stack has served in leadership roles at Dick's in a variety of positions.

Mr. Stack has lead Dick's through a sustained period of growth, from two stores in upstate New York to 419 Dick's stores in 40 states and 91 Golf Galaxy stores in 31 states. During this time, he has also guided Dick's through a successful IPO and strategic business acquisitions, and has overseen the development of a successful e-commerce business and an international sourcing office in Hong Kong.

Mr. Stack (age 55) currently serves on the Board of Directors of the National Retail Federation and the Advisory Board of The Wharton School's Jay H. Baker Retailing Initiative.

THOMAS C. STEVENS

Thomas C. Stevens is Vice Chair and Chief Administrative Officer of KeyCorp. He has served on the Board of Directors since 2001. He has previously served on the Risk Management Committee and now serves on the Executive Committee.

Mr. Stevens' responsibilities as Chief Administrative Officer of KeyCorp include managing the human resources, legal, marketing and communications, technology and operations, and risk review groups as well as the Key Principal Partners segment of KeyCorp's operations.

Prior to joining KeyCorp in 1996, Mr. Stevens was the managing partner of Thompson Hine LLP, a law firm serving as counselors, advisors and advocates to a full spectrum of clients ranging from major public and private corporations to financial institutions, governments, nonprofit organizations, venture capitalists and individual entrepreneurs.

Mr. Stevens (age 60) is a member of the Financial Services Roundtable, the Council of Institutional Investors, and the New York Bankers Association as well as other professional, civic, and community organizations.

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CONTINUING DIRECTORS WHOSE TERMS EXPIRE IN 2011

EDWARD P. CAMPBELL

Edward P. Campbell has served as a KeyCorp Director since 1999. Mr. Campbell now chairs the Compensation and Organization Committee and serves on the Nominating and Corporate Governance Committee. He has previously served on the Risk Management Committee as well as the Audit Committee where he served as Chair. Mr. Campbell is qualified as a financial expert as that term is defined by the SEC.

In January of this year, Mr. Campbell retired as Chief Executive Officer and President of Nordson Corporation. Mr. Campbell continued to serve as Chairman of Nordson until February of this year. Nordson is a multi-national maker of capital equipment with approximately 3,700 employees and direct operations and sales support offices in over 30 countries. Mr. Campbell joined Nordson in 1988 as vice president of corporate development. He rose to positions of greater responsibility and was elected chief executive officer in 1997 and chairman of the board and chief executive officer in 2004.

Prior to joining Nordson, Mr. Campbell spent 11 years in operating and financial management positions at The Standard Oil Company/British Petroleum, with responsibility for such functions as capital markets, treasury, cash management, financial planning, pension asset management, equity and fixed income management, and investment management functions, including fixed income and foreign exchange and derivatives trading. Mr. Campbell also had experience leading the retail operations of the company.

Mr. Campbell (age 60) serves on the board of The Lubrizol Corporation (since 2009) and served on the board of Nordson from 1994 to 2010 and OMNOVA Solutions, Inc. from 1999 until 2009. Mr. Campbell has had leadership roles in a number of civic and community organizations.

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H. JAMES DALLAS

Mr. Dallas joined the KeyCorp Board of Directors in 2005. Mr. Dallas serves on the Risk Management Committee and the Nominating and Corporate Governance Committee and previously served on the Audit Committee.

Mr. Dallas is senior vice president of quality and operations at Medtronic, Inc., a global medical technology company that employs approximately 38,000 people and does business in more than 120 countries. Mr. Dallas previously served as Senior Vice President and Chief Information Officer at Medtronic.

In his role as senior vice president of quality and operations, Mr. Dallas has responsibility for executing cross-business initiatives to maximize the company's global operating leveraging. Mr. Dallas also serves as a member of Medtronic's executive management team. Prior to joining Medtronic in 2006, Mr. Dallas was vice president and chief information officer at Georgia-Pacific Corporation, a maker of forest products. At Georgia Pacific, Mr. Dallas held a series of progressively more responsible information technology and operating roles. Mr. Dallas began his career as an internal auditor for C&S National Bank, a large regional bank in Atlanta, Georgia and has experience as a cost accountant with a focus on profitability and key profit drivers. The majority of Mr. Dallas' career has been focused on bridging the gap between strategy and execution; specifically, leading large, enterprise-wide projects.

Mr. Dallas (age 51) serves on the boards of civic and community organizations.

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LAURALEE E. MARTIN

Ms. Martin has been a KeyCorp Director since 2003. She serves as the Chair of the Risk Management Committee and has served on the Audit Committee (including service as its Chair) and the Nominating and Corporate Governance Committee. Ms. Martin has been designated a financial expert as that term is defined by the SEC.

Ms. Martin is the Chief Operating and Financial Officer of Jones Lang LaSalle, Inc., which provides comprehensive integrated real estate and investment management expertise on a local, regional and global level to owner, occupier and investor clients and also provides property and corporate facility management services. Jones Lang LaSalle has 180 corporate offices worldwide and operations in more than 750 locations in 60 countries and has approximately 36,600 employees. Ms. Martin is also the C-Suite sponsor for the firm's environmental sustainability commitments.

Prior to joining Jones Lang LaSalle, Ms. Martin worked in commercial lending at both General Electric Capital and Heller Financial with particular emphasis on real estate. From 1986 through 2001, she was employed by Heller Financial, a subsidiary of Fuji Bank Ltd., a bank holding company regulated by the Federal Reserve. While at Heller, Ms. Martin periodically met with representatives of both the Federal Reserve Board and the rating agencies in her role as Chief Financial Officer. As the Chief Financial Officer of Heller, she was involved in both the company's initial public offering and the successful sale of the company to General Electric Capital. In this role, she held overall responsibility for financial reporting, tax, treasury, asset distribution and investor relations. She was a member of several committees, whose responsibilities included strategic direction and decision, cost control, enterprise risk management including financial risk management and credit policy, and information investment technology. As Senior Group President at Heller, she was involved in matters of real estate, commercial and vendor equipment finance, small business administration, securitizations, mezzanine finance, and product development. Prior to joining Heller, Ms. Martin held a variety of managerial roles at General Electric Capital in construction lending, residential mortgage, venture real estate sale-leasebacks and real estate finance.

Ms. Martin (age 59) serves on the boards of HCP, Inc. (since 2008) and Jones Lang LaSalle (since 2005) and maintains leadership roles in a number of civic and community organizations. Ms. Martin served on the board of Gables Residential Trust from 1994 to 2005.

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BILL R. SANFORD

Bill R. Sanford has been a KeyCorp Director since 1999. He is currently a member and former Chair of the Risk Management Committee and previously served on the Audit Committee and Nominating and Corporate Governance Committee. Mr. Sanford has been designated as a financial expert as that term is defined by the SEC.

Mr. Sanford is the founder and chairman of Symark LLC, a technology commercialization and business development organization. Mr. Sanford is also the executive founder and retired chairman, president and chief executive officer of Steris Corporation, a global leader in infection and contamination preventions systems, products, services, and technologies that does business in more than 60 countries. Mr. Sanford is also chairman of the board of directors of Greatbatch, Inc., where he has been a director since 2000. Greatbatch is a leading provider of advanced technologies to the global medical device industry. He previously served as chair of the audit committee and lead independent director of that company.

Mr. Sanford is an experienced entrepreneur, executive, consultant, investor, and board member with extensive new venture, merger and acquisition, turnaround, senior management, and market development experience. He has public and private financing experience, including initial and secondary public stock offerings, structured debt financing, public stock mergers, and private equity and venture capital investments.

Mr. Sanford (age 65) is an active early stage and private equity investor through Symark and serves as a board member and advisor of public and private for-profit and not-for-profit corporations, investment limited partnerships, and venture capital firms.

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THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors. During the year ended December 31, 2009, there were ten meetings of KeyCorp's Board of Directors. Each member of KeyCorp's Board attended at least 75% of the aggregate of the meetings held by KeyCorp's Board of Directors and the meetings held by the committees of the Board on which such member served during 2009.

KeyCorp Board members are expected to attend KeyCorp's Annual Meetings of Shareholders. All Board members attended the 2009 Annual Meeting.

KeyCorp's Board of Directors currently exercises certain of its powers through its Audit, Compensation and Organization, Executive, Nominating and Corporate Governance, and Risk Management Committees. Each Committee has a Charter that can be found at www.key.com/ir.

Audit Committee. Ms. Gillis, Ms. Manos and Messrs. Bares (Chair), Menascé, Stack, and Ten Eyck (who is retiring at the 2010 Annual Meeting) are the current members of the Audit Committee. The functions of this Committee generally include matters such as oversight review of the financial information provided to KeyCorp's shareholders, appointment of KeyCorp's independent auditors, review of fees and services of the independent auditors, oversight review of the material examinations of KeyCorp and its affiliates conducted by federal and state regulatory and supervisory authorities, service as the audit committee of KeyCorp's banking subsidiary, oversight review of allowance for loan and lease losses methodology together with the Risk Management Committee, oversight review relating to financial reporting, compliance, legal, and information security and fraud risk matters, and supervision and direction of any special projects or investigations deemed necessary. A further discussion of the Committee's functions is set forth on page 24 of this proxy statement under the heading Board Oversight of Risk. KeyCorp's Audit Committee met twelve times in 2009.

Compensation and Organization Committee. Dr. Cartwright and Messrs. Campbell (Chair), Carrabba, and Cutler are the current members of KeyCorp's Compensation and Organization Committee. The functions of this Committee generally include:

1. developing, reviewing and approving KeyCorp's compensation philosophy and related programs,
2. determining the compensation and terms of employment of senior management,
3. determining participants and awards under executive incentive compensation plans and supplemental compensation plans,
4. approving employee and officer retirement, compensation and benefit plans or amendments thereto,
5. reviewing organization structure and staffing, KeyCorp's management depth, management development and succession plans, and
6. reviewing the Compensation Discussion and Analysis for the proxy statement.

KeyCorp's Compensation and Organization Committee met eight times in 2009. The Committee may delegate its authority to a subcommittee of its members.

Following the aforementioned six reviews, the Committee approves the goals and objectives of the Chief Executive Officer and other corporate senior executive officers and thereafter evaluates their performance in light of

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those goals and objectives. Based on this evaluation, the Committee approves their compensation and any adjustments or other changes to this compensation. The Committee takes into account, among other factors, the recommendation of the Chief Executive Officer and his direct reports as to the compensation of other senior executives.

In conjunction with the requirements of Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA), on a semi-annual basis, the Committee also discusses, evaluates and reviews with KeyCorp's senior risk officers (i) the CEO and Named Executive Officers (Key Officers) compensation programs to ensure that these compensation programs do not encourage Key Officers to take unnecessary and excessive risks that threaten the value of KeyCorp, as well as (ii) KeyCorp's various employee compensation programs in light of the risks posed to KeyCorp by such programs and how to limit those risks as well as to ensure that these programs do not encourage the manipulation of KeyCorp's reported earnings to enhance the compensation of any KeyCorp employees.

Since September 21, 2009, the Committee has employed Compensation Advisory Partners LLC (Compensation Advisory) to assist the Committee in its evaluation of KeyCorp's various executive compensation programs. Compensation Advisory serves as an independent consultant to the Committee and it is expressly prohibited from performing any services to KeyCorp without first obtaining permission from the Chair of the Committee. A representative of Compensation Advisory attends all Committee meetings and frequently meets with the Committee without the presence of KeyCorp management.

Compensation Advisory's services to the Committee include:

1. assisting in setting base salary and short-term and long-term incentive compensation performance targets,
2. assisting in determining an appropriate peer group for executive compensation comparisons,
3. assisting in determining progress against incentive compensation performance goals, and
4. reporting on trends in executive compensation, as well as any other ad hoc services relating to executive compensation requested by the Committee.

Prior to September 21, 2009, Mercer, Inc. served as an independent consultant to the Committee. The services provided by Mercer, Inc. were similar in scope to those provided by Compensation Advisory. For 2009, Compensation Advisory's fee was \$23,120 and Mercer, Inc.'s fee was \$271,628 for the services provided. A fuller explanation of the Committee process relative to executive compensation is presented in the Compensation Discussion and Analysis found on page 52 of this proxy statement.

Executive Committee. Dr. Cartwright, and Messrs. Bares, Manos, Menascé, Meyer (Chair), Sanford, Stevens, and Ten Eyck are the current members of KeyCorp's Executive Committee. The functions of the Executive Committee are to exercise the authority of the Board of Directors, to the extent permitted by law, on any matter requiring Board or Board committee action between Board or Board committee meetings. The Executive Committee did not meet in 2009.

Nominating and Corporate Governance Committee. Messrs. Bares, Campbell, Cutler (Chair), and Dallas are members of KeyCorp's Nominating and Corporate Governance Committee. The Committee serves as the nominating committee for KeyCorp and, as such, recommends to the Board nominees or candidates to stand for election as directors. The Committee also oversees the annual board self-assessment process, including the individual

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director self-assessments. In addition, the functions of the Committee include matters such as oversight of board corporate governance matters generally, the annual review and recommendation to the Board of Directors of a director compensation program that may include equity based and incentive compensation plans, and oversight review of KeyCorp s directors and officers liability insurance program. The Nominating and Corporate Governance Committee met seven times in 2009.

The Committee uses market data to aid it in its annual review of KeyCorp s director compensation program. No executive officer has any role in determining the amount of director compensation although the Committee may seek assistance from executive officers of KeyCorp in designing equity compensation plans. The Committee may delegate its authority to a subcommittee of its members. No change in director compensation was made in 2009 except that, effective January 1, 2010, the Committee reduced to \$15,000 the annual fees paid to the Chairs of the Audit and Compensation and Organization Committees and increased to the same amount (that is, \$15,000) the annual fee paid to the Chair of the Risk Management Committee.

The director annual cash retainer has not increased since 2003. Equity awards are granted to directors under the Directors Deferred Share Plan which was adopted in 2003 and replaced the Directors Stock Option Plan. Awards under the Directors Deferred Share Plan have not changed since the Plan s inception. Other than several adjustments to fees paid to the Chairs of the Audit, Compensation and Organization, and Risk Management Committees (one of which is described in the preceding paragraph), director meeting fees have not increased since 1994.

The Committee uses the following criteria in director recruitment: (a) the nominee must have a record of high integrity and other requisite personal characteristics and must be willing to make the required time commitment; (b) the nominee should have a demonstrated breadth and depth of management and/or leadership experience, preferably in a senior leadership role, in a large or recognized organization (profit or nonprofit, private sector or governmental, including educational institutions, civilian or military); (c) the nominee should have a high level of professional or business expertise in areas of relevance to KeyCorp (such as technology, global commerce, marketing, finance, risk management, etc); (d) in the case of outside directors, the nominee should meet the independence criteria set forth in KeyCorp s Standards for Determining Independence of Directors; (e) the nominee should not be serving as a director of more than (i) two other public companies if he or she is a CEO of a public company, or (ii) three other public companies if he or she is not a CEO of a public company; (f) the nominee must demonstrate the ability to think and act independently as well as the ability to work constructively in the overall Board process; and (g) additional factors in evaluating the above skills would be a preference for nominees that improve the diversity of the Board in terms of gender, race, religion and/or geography. The above criteria other than (a) are not rigid rules that must be satisfied in each case, but are flexible guidelines to assist in evaluating and focusing the search for director candidates.

In evaluating potential first-time Board nominees, the Nominating and Corporate Governance Committee will consider: (a) the skills and business experience needed for the Board, (b) the current and anticipated composition of the Board in light of the business activities and needs of KeyCorp and the diverse communities and geographies served by KeyCorp, and (c) the interplay of the nominee s expertise and professional/business background in relation to the expertise and professional/business background of current Board members, as well as such other factors (including diversity) as the Nominating and Corporate Governance Committee deems appropriate. The Committee considers its search for a nominee successful if a nominee is found based on these considerations.

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The invitation to join the Board as a first-time director or to stand for election as a first-time nominee for director is extended by the Chair of the Nominating and Corporate Governance Committee after discussion with and approval by the Nominating and Corporate Governance Committee. Upon acceptance of the invitation by the proposed candidate, the recommendation of the candidate by the Nominating and Corporate Governance Committee will be made to the full Board for final approval.

The Nominating and Corporate Governance Committee has sole authority to retain and terminate any search firm used to identify director candidates, including sole authority to approve the search firm fees and other retention terms. The Committee presently uses an independent search firm in identifying candidates. The Committee is continually in the process of identifying potential director candidates and Board members are encouraged to submit to the Chair of the Nominating and Corporate Governance Committee any potential nominee that any individual director would like to suggest.

Shareholders may submit to the Chair of the Committee any potential nominee that the shareholder would like to suggest. Any shareholder recommendation for a director nominee should contain background information concerning the recommended nominee, including (a) the name, age, business, and residence address of such person; (b) the principal occupation or employment of such person for the last five years; (c) the class and number of shares of capital stock of KeyCorp that are beneficially owned by such person; (d) all positions of such person as a director, officer, partner, employee, or controlling shareholder of any corporation or other business entity; (e) any prior position as a director, officer, or employee of a depository institution or any company controlling a depository institution; and (f) a statement of whether such individual would be willing to serve if nominated or elected. Any shareholder recommendation should also include, as to the shareholder giving the written notice, (a) a representation that the shareholder is a holder of record of shares of KeyCorp entitled to vote at the meeting at which directors are to be elected and (b) a description of all arrangements or understandings between the shareholder and such recommended person and any other person or persons (naming such person or persons). Shareholder recommendations should be provided to the Secretary of KeyCorp who will forward the materials to the Chair of the Committee.

Risk Management Committee. Mss. Gile and Martin (Chair) and Messrs. Dallas and Sanford are the current members of KeyCorp's Risk Management Committee. The functions of the Risk Management Committee generally include matters such as oversight review of risk management matters relating to credit risk, market risk, liquidity risk, strategic risk, and reputational risk, asset/liability management policies and strategies, compliance with regulatory capital requirements, KeyCorp's capital structure and capital management strategies, including compliance with regulatory capital requirements, KeyCorp's portfolio of Corporate-Owned Life Insurance, technology-related plans, policies, and major capital expenditures, the capital expenditure process, and together with the Audit Committee oversight review of allowance for loan and lease losses methodology. In addition, the Committee is charged with exercising the authority of the Board of Directors in connection with the authorization, sale and issuance by KeyCorp of debt and certain equity securities and the approval of certain capital expenditures. The Committee is also charged with making recommendations to the Board of Directors with respect to KeyCorp's dividend and share repurchase authorizations. A further discussion of the Committee's functions is set forth on page 24 of this proxy statement under the heading Board Oversight of Risk. The Risk Management Committee met nine times in 2009.

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CORPORATE GOVERNANCE GUIDELINES

The Board of Directors has established and follows a corporate governance program and has assigned the Nominating and Corporate Governance Committee responsibility for the program. Following are KeyCorp's Corporate Governance Guidelines as adopted by the Board of Directors upon recommendation of the Nominating and Corporate Governance Committee.

I. DIRECTOR RESPONSIBILITY

Members of the Board of Directors are expected to exercise their business judgment to act in what they believe to be in the best interests of KeyCorp. In discharging this responsibility, Board members are entitled to rely on the honesty and integrity of KeyCorp's senior officers and outside advisors and consultants. Board members are expected to attend the Annual Meeting of Shareholders, Board meetings and meetings of committees upon which they serve and to review materials distributed in advance of meetings.

II. BOARD OF DIRECTORS SELF ASSESSMENT

The Board conducts an annual self-assessment process under the auspices of the Nominating and Corporate Governance Committee through self-assessment questionnaires to all Board members. The questionnaires are divided into two parts with the first part consisting of general Board self-assessment questions and the second part consisting of individual director self-assessment questions. The results of the general Board portion of the director self-assessment questionnaires are reviewed by the Board and changes in KeyCorp's corporate governance process are based on the results of the Board's review and analysis of the self-assessment questionnaires. Pursuant to the self-assessment process, the Board reviews, among other matters, agenda items, meeting presentations, advance distribution of agendas and materials for Board meetings, interim communications to directors, and access to and communications with senior management. The results of the individual director self-assessment portion of the questionnaire are reviewed by the members of the Nominating and Corporate Governance Committee. The Committee annually reviews the directors' effectiveness taking into account the results of the incumbent directors' individual self-assessment questionnaires, the Board's Director Recruitment Guidelines, the existing mix of skills, core competencies and qualifications of the Board as a whole, and other factors that the Committee determines to be relevant.

III. EXECUTIVE SESSIONS OF OUTSIDE DIRECTORS/LEAD DIRECTOR

The outside [non-management] directors routinely meet at regularly scheduled Board meetings in executive session without inside directors or executive management present. The Chair of the Nominating and Corporate Governance Committee presides over these executive sessions and serves as KeyCorp's lead director.

IV. BOARD COMPOSITION

Not more than two directors will be inside directors (*i.e.*, directors who are at the time also officers of KeyCorp). A retired Chief Executive Officer of KeyCorp shall no longer serve on the Board after he or she ceases to hold such office, except for a short interim transition period in which such person may serve as Chairman of the Board after ceasing to be Chief Executive Officer.

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V. DIRECTOR INDEPENDENCE

The Board has adopted standards for determining independence of directors and determined that at least two-thirds of KeyCorp's directors and all members of the Board committees performing the audit, compensation, corporate governance, and nominating functions must meet these independence standards. The standards for determining independence are [discussed on page 25 of this proxy statement]. In addition, members of the Audit Committee must comply with Rule 10A-3 of the Securities Exchange Act of 1934 which requires that an Audit Committee member must not be affiliated with KeyCorp nor accept directly or indirectly any fee from KeyCorp for accounting, consulting, legal, investment banking or financial advisory services.

VI. MAJORITY VOTING

In an uncontested election, any incumbent director who is a nominee for director who receives a greater number of votes Against his or her election than votes For such election (a Holdover Director) shall submit to the Board of Directors promptly following certification of the shareholder vote a written offer to resign as a director. Neither abstentions nor broker non-votes shall be deemed votes cast For or Against a nominee's election. The Nominating and Corporate Governance Committee shall consider the resignation offer and recommend to the Board whether to accept or reject it. The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following certification of the shareholder vote. As soon as practicable thereafter,