KEYCORP /NEW/
Form S-4/A
July 07, 2009

As filed with the Securities and Exchange Commission on July 7, 2009

Registration No. 333-159490

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 3

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

KeyCorp

(Exact name of registrant as specified in its charter)

Ohio	**6021**	**34-6542451**

(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

127 Public Square

Cleveland, Ohio 44114-1306

(216) 689-6300

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Daniel R. Stolzer, Esq.

Vice President,

Deputy General Counsel and

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KeyCorp

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨
(Do not check if a smaller reporting company)	

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer) ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered[(1)]**	**Proposed maximum offering price per share**	**Proposed maximum aggregate offering price[(2)]**	**Amount of registration fee[(3)(4)]**
Common Shares, par value $1.00	158,523,108	N/A	$1,332,491,000	$74,353

(1) This Registration Statement registers the estimated maximum number of common shares of KeyCorp (the Registrant), par value $1.00 per share, that may be issued in connection with the exchange offer (Exchange Offer) by the Registrant for (i) 5.875% Trust Preferred Securities issued by KeyCorp Capital V, (ii) 6.125% Trust Preferred Securities issued by KeyCorp Capital VI, (iii) 7.000% Enhanced Trust Preferred Securities issued by KeyCorp Capital VIII, (iv) 6.750% Enhanced Trust Preferred Securities issued by KeyCorp Capital IX and (v) 8.000% Enhanced Trust Preferred Securities issued by KeyCorp Capital X (collectively, the Trust Preferred Securities). In order to assure compliance with New York Stock Exchange listing rules, we will not issue common shares in the Exchange Offer in excess of 19.9 percent of the Registrant s common shares outstanding before such issuance.

(2) Estimated solely for purpose of calculating the registration fee pursuant to Rule 457(f)(1), 457(f)(3) and 457(c) under the Securities Act of 1933, as amended (the Securities Act), and based upon the market value of the Trust Preferred Securities. The proposed maximum aggregate offering price was calculated in accordance with Rule 457(c) under the Securities Act as follows: the sum of (i) the product of (a) $18.385, the average of the high and low prices of the 5.875% Trust Preferred Securities issued by KeyCorp Capital V on July 1, 2009 and (b) 7,000,000, the maximum number of 5.875% Trust Preferred Securities that could be accepted for exchange in the Exchange Offer; (ii) the product of (a) $18.250, the average of the high and low prices of the 6.125% Trust Preferred Securities issued by KeyCorp Capital VI on July 1, 2009 and (b) 3,000,000, the maximum number of 6.125% Trust Preferred Securities that could be accepted for exchange in the Exchange Offer, (iii) the product of (a) $18.475, the average of the high and low prices of the 7.000% Enhanced Trust Preferred Securities issued by KeyCorp Capital VIII on July 1, 2009 and (b) 10,000,000, the maximum number of 7.000% Enhanced Trust Preferred Securities that could be accepted for exchange in the Exchange Offer; (iv) the product of (a) $18.470, the average of the high and low prices of the 6.750% Enhanced Trust Preferred Securities issued by KeyCorp Capital IX on July 1, 2009 and (b) 20,000,000, the maximum number of 6.750% Enhanced Trust Preferred Securities that could be accepted for exchange in the Exchange Offer; and (v) the product of (a) $19.760 the average of the high and low prices of the 8.000% Enhanced Trust Preferred Securities issued by KeyCorp Capital X on July 1, 2009 and (b) 29,600,000, the maximum number of 8.000% Trust Preferred Securities that could be accepted for exchange in the Exchange Offer.

(3) Computed in accordance with Section 6(b) of the Securities Act by multiplying .00005580 by the proposed maximum aggregate offering price.

(4) Of this fee, $62,545.17 was paid at the time of initial filing of the Registrant s Registration Statement on Form S-4, filed with the Commission on May 27, 2009, with regard to this Exchange Offer, and $11,807.83 was paid at the time of the filing of Amendment No. 2 to the Registrant s Registration Statement on Form S-4, filed with the Commission on July 6, 2009, with regard to this Exchange Offer.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

KeyCorp

OFFER TO EXCHANGE

Up to 158,518,835 Common Shares of KeyCorp for any and all

Trust Preferred Securities of KeyCorp Capital V, KeyCorp Capital VI, KeyCorp Capital VIII, KeyCorp Capital IX and KeyCorp Capital X

THE EXCHANGE OFFER WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON AUGUST 4, 2009, UNLESS THE OFFER IS EXTENDED OR EARLIER TERMINATED BY US (THE EXPIRATION DATE). THE EARLY TENDER PERIOD WILL BEGIN ON THE DATE THE EXCHANGE OFFER COMMENCES AND WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JULY 21, 2009. TENDERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

We are offering to exchange up to 158,518,835 of our newly issued common shares, par value $1.00 per share (the Common Shares), for any and all of the $1,740,000,000 in aggregate liquidation preference of the outstanding Trust Preferred Securities (as defined below) of KeyCorp Capital V, KeyCorp Capital VI, KeyCorp Capital VIII, KeyCorp Capital IX and KeyCorp Capital X (collectively, the KeyCorp Capital Trusts), on the terms and subject to the conditions set forth in this Prospectus and in the accompanying letter of transmittal (the Letter of Transmittal). We refer to this offer as the Exchange Offer.

For each $25 liquidation preference of Trust Preferred Securities that we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of Common Shares having the aggregate dollar value (the Exchange Value) set forth in the table below or, in the case of Trust Preferred Securities tendered on or prior to the Early Tender Premium Deadline (as defined below), having an aggregate dollar value equal to the applicable Exchange Value plus the Early Tender Premium Value set forth in the table below. We refer to the number of Common Shares we will issue (based on the Relevant Price (as defined below)) for each $25 liquidation preference of Trust Preferred Securities we accept in the Exchange Offer as the exchange ratio. The Relevant Price is equal to the average Volume Weighted Average Price, or Average VWAP, of our Common Shares during the five consecutive trading day period ending on and including the second trading day immediately preceding the expiration date of the Exchange Offer period (the Pricing Date), on the basis of the applicable pricing formula set forth herein, and announced on the immediately succeeding trading day. We will also pay cash for any accrued and unpaid distributions on any Trust Preferred Securities accepted in the Exchange Offer to but excluding the date of settlement of the Exchange Offer. Depending on the trading price of our Common Shares on the settlement date of the Exchange Offer compared to the Relevant Price, the market value of the Common Shares we issue in exchange for each $25 liquidation preference of Trust Preferred Securities we accept for exchange may be less than, equal to or greater than the applicable Exchange Value referred to above.

The table below sets forth certain information regarding the series of trust preferred securities that are the subject of the Exchange Offer (collectively, the Trust Preferred Securities). ***You will be eligible to receive a number of Common Shares based on the sum of the Exchange Value and the Early Tender Premium Value only if you validly tender your Trust Preferred Securities on or prior to the Early Tender Premium Deadline and do not subsequently withdraw your Trust Preferred Securities.***

CUSIP	***Title of Securities***	***Issuer***	***Aggregate Liquidation Preference Outstanding***	***Liquidation Preference per Trust Preferred Security***	***Exchange Value***	***Early Tender Premium Value (if any)***	***Total Exchange Value (as applicable)***
					(per $25 liquidation preference)		
49327J200	*5.875% Trust Preferred Securities*	*KeyCorp Capital V*	*$ 175,000,000*	*$ 25*	*$20.75*	*$1.25*	*$22.00*
49327K207	*6.125% Trust Preferred Securities*	*KeyCorp Capital VI*	*$ 75,000,000*	*$ 25*	*$20.75*	*$1.25*	*$22.00*
49327C205	*7.000% Enhanced Trust Preferred Securities*	*KeyCorp Capital VIII*	*$ 250,000,000*	*$ 25*	*$20.75*	*$1.25*	*$22.00*
49327Q204	*6.750% Enhanced Trust Preferred Securities*	*KeyCorp Capital IX*	*$ 500,000,000*	*$ 25*	*$20.75*	*$1.25*	*$22.00*
49327R103	*8.000% Enhanced Trust Preferred Securities*	*KeyCorp Capital X*	*$ 740,000,000*	*$ 25*	*$21.25*	*$1.25*	*$22.50*

The Exchange Offer will expire at 11:59 p.m., New York City time, on August 4, 2009 (unless we extend it or terminate it early). The Exchange Offer period will have two parts, the Early Tender Period and the Final Tender Period. The Early Tender Period will begin on the date the Exchange Offer commences and will expire at 11:59 p.m., New York City time, on July 21, 2009 (the Early Tender Premium Deadline), which is the tenth business day following commencement of the Exchange Offer. The Final Tender Period will begin on the day immediately following the Early Tender Premium Deadline and end on the expiration date of the Exchange Offer. If you tender your Trust Preferred Securities on or prior to the Early Tender Premium Deadline, you will be entitled to receive a number of

Common Shares per $25 liquidation preference with a value equal to the sum of (i) the applicable Exchange Value and (ii) the Early Tender Premium Value set forth in the table above. If you tender your Trust Preferred Securities during the Final Tender Period, you will be entitled to receive a number of Common Shares per $25 liquidation preference with a value equal only to the applicable Exchange Value for your Trust Preferred Securities as set forth in the table above. You may withdraw any Trust Preferred Securities that you tender at any time prior to the expiration of the Exchange Offer.

Our obligation to exchange Common Shares for Trust Preferred Securities in the Exchange Offer is subject to a number of conditions that must be satisfied or waived by us, including, among others, that there has been no change or development that in our reasonable judgment may materially reduce the anticipated benefits to us of the Exchange Offer or that has had, or could reasonably be expected to have, a material adverse effect on us, our businesses, condition (financial or otherwise) or prospects. Our obligation to exchange is not subject to any minimum tender condition.

If the aggregate liquidation preference of all Trust Preferred Securities tendered in the Exchange Offer would result in the issuance, upon consummation of the Exchange Offer, of a number of our Common Shares equal to or in excess of 158,518,835, we will accept for exchange from each tendering holder only that number of Trust Preferred Securities that will ensure that less than such number of Common Shares are issued in the Exchange Offer. Accordingly, we may have to prorate the Trust Preferred Securities for each series that we accept for exchange in this Exchange Offer to remain within this limit.

With respect to any tender in an amount up to $250,000 in aggregate liquidation preference that is accepted in the Exchange Offer, we will pay the relevant eligible soliciting dealer a fee of 0.50% on the amount of such tender.

Our Common Shares trade on the New York Stock Exchange (the NYSE) under the symbol KEY . As of July 6, 2009, the closing sale price for our Common Shares on the NYSE was $5.08 per share. None of KeyCorp, the trustees of the KeyCorp Capital Trusts, the dealer managers, the exchange agent, the information agent or any other person is making any recommendation as to whether you should tender your shares of Trust Preferred Securities. You must make your own decision after reading this Prospectus and the documents incorporated by reference herein and consulting with your advisor.

We encourage you to read and carefully consider this Prospectus in its entirety, in particular the risk factors beginning on page 18, for a discussion of factors that you should consider with respect to this offer.

Our Common Shares are not savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission (the SEC), any state securities commission, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System nor any other regulatory body has approved or disapproved of the Exchange Offer or of the securities to be issued in the Exchange Offer or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Dealer Managers

Morgan Stanley
Sole Arranger and Lead Manager

UBS Investment Bank

Citi

Wells Fargo Securities

The date of this Prospectus is July 7, 2009

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IMPORTANT

All of the Trust Preferred Securities were issued in book-entry form, and all of the Trust Preferred Securities are currently represented by one or more global certificates held for the account of The Depository Trust Company (DTC). You may tender your Trust Preferred Securities by transferring the Trust Preferred Securities through DTC s Automated Tender Offer Program (ATOP) or following the other procedures described under The Exchange Offer Procedures for Participating in the Exchange Offer Procedures for Tendering Trust Preferred Securities.

We are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of the DTC on or prior to the expiration date of this Exchange Offer. If you hold your Trust Preferred Securities through a broker, dealer, commercial bank, trust company or other nominee, you should consider that such entity may require you to take action with respect to the Exchange Offer a number of days before the expiration date in order for such entity to tender Trust Preferred Securities on your behalf on or prior to the expiration date. Tenders not received by Computershare Trust Company, N.A., as exchange agent for the Exchange Offer (the Exchange Agent), on or prior to the expiration date will be disregarded and of no effect.

Unless otherwise indicated or unless the context requires otherwise, all references to we, us, our or similar references mean KeyCorp.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can also request copies of the documents, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC s web site at http://www.sec.gov.

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information we incorporate by reference is considered to be part of this Prospectus. Information that we file later with the SEC will automatically update information in this Prospectus. In all cases, you should rely on the later information over different information included in this Prospectus. We incorporate by reference the documents listed below and any documents subsequently filed (but not documents that are furnished, unless expressly incorporated herein by a reference in such furnished document) with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) (File No. 001-11302) on or after the date of this Prospectus and before the completion of the Exchange Offer:

Annual Report on Form 10-K for the year ended December 31, 2008.

Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

Current Reports on Form 8-K filed on January 22, 2009, March 16, 2009, April 21, 2009, May 11, 2009, May 14, 2009, June 3, 2009, July 1, 2009 and July 6, 2009.

The description of our Common Shares set forth in the registration statement on Form 8-A12B filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed with the SEC for the purpose of updating this description.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

KeyCorp

127 Public Square

Cleveland, Ohio 44114-1306

Attention: Investor Relations

(216) 689-6300

In order to ensure timely delivery of such documents, you must request this information no later than five business days before the date you must make your investment decision. Accordingly, you should make any request for documents by July 28, 2009 to ensure timely delivery of the documents prior to the expiration date.

You should rely only on the information contained in or incorporated by reference into this Prospectus. We have not authorized anyone to provide you with information that is different. You should assume that the information contained or incorporated by reference in this Prospectus is accurate only as of the date hereof or as of the date of the document incorporated by reference, as applicable. We are not making an offer of these securities in any jurisdiction where such offer is not permitted.

FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference information we believe to be forward looking statements , including statements about our long-term goals, financial condition, results of operations, earnings, levels of net loan charge-offs and nonperforming assets, interest rate exposure and profitability.

Forward-looking statements express management s current expectations, forecasts of future events or long-term goals and, by their nature, are subject to assumptions, risks and uncertainties. Although management believes that the expectations, forecasts and goals reflected in these forward-looking statements are reasonable, actual results could differ materially for a variety of reasons, including the following factors:

Although we believe that we have fulfilled the requirement to generate $1.8 billion of additional Tier 1 common equity pursuant to the U.S. government s Supervisory Capital Assessment Program (the SCAP), there can be no assurance that our regulators, including the United States Department of the Treasury (the U.S. Treasury) and the Board of Governors of the Federal Reserve System (the Federal Reserve), will not require us to generate additional capital, including Tier 1 common equity, in the future. Future capital raising and augmentation efforts may be dilutive to our common shareholders and reduce the market price of our Common Shares.

The credit ratings of KeyCorp and KeyBank are essential to maintaining liquidity. Further downgrades from the major credit ratings agencies could mean that our debt ratings fall below investment-grade, which, in turn, could have an adverse effect on access to liquidity sources, cost of funds, access to investors, and collateral or funding requirements.

Potential misinterpretation of the SCAP assessment results, any future capital assessments or our capital generation efforts could adversely affect our ability to attract and retain customers and compete for new business opportunities.

Unprecedented volatility in the stock markets, public debt markets and other capital markets, including continued disruption in the fixed income markets, has affected and could continue to affect our ability to raise capital or other funding for liquidity and business purposes, as well as revenue from client-based underwriting, investment banking and other capital markets-driven businesses.

Interest rates could change more quickly or more significantly than management expects, which may have an adverse effect on our financial results.

Trade, monetary and fiscal policies of various governmental bodies may affect the economic environment in which we operate, as well as its financial condition and results of operations.

Changes in foreign exchange rates, equity markets and the financial soundness of bond insurers, sureties and even other unrelated financial companies have the potential to affect current market values of financial instruments which, in turn, could have a material adverse effect on us.

Asset price deterioration has had (and may continue to have) a negative effect on the valuation of many of the asset categories represented on our balance sheet.

The Emergency Economic Stabilization Act of 2008 (EESA), the American Recovery and Reinvestment Act of 2009, the Financial Stability Plan announced on February 10, 2009, by the Secretary of the U.S. Treasury, in coordination with other financial institution regulators and other initiatives undertaken by the U.S. government may not have the intended effect on the financial markets; the current extreme volatility and limited credit availability may persist. If these actions fail to help stabilize the financial markets and the current financial market and economic conditions continue or deteriorate further, our business, financial condition, results of operations, access to credit and the trading price of our Common Shares could all suffer a material decline.

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The terms of the Capital Purchase Program (the CPP), part of the U.S. Treasury s Troubled Asset Relief Program (TARP) enacted under the EESA, pursuant to which we issued our Series B Preferred Stock to the U.S. Treasury, may limit our ability to return capital to shareholders and could be dilutive to our Common Shares. If we are unable to redeem such Series B Preferred Stock within five years, the dividend rate thereon will increase substantially.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions.

The problems in the housing markets, including issues related to the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, and related conditions in the financial markets, or other issues, such as the price volatility of oil or other commodities, could cause general economic conditions to deteriorate further. In addition, these problems may inflict further damage on the local economies or industries in which we have significant operations or assets, and, among other things, may materially impact credit quality in existing portfolios and/or our ability to generate loans in the future.

Increases in interest rates or further weakening economic conditions could constrain borrowers ability to repay outstanding loans or diminish the value of the collateral securing those loans. Additionally, our allowance for loan losses may be insufficient if the estimates and judgments management used to establish the allowance prove to be inaccurate.

We may face increased competitive pressure due to the recent consolidation of certain competing financial institutions and the conversion of certain investment banks to bank holding companies.

We may become subject to new or heightened legal standards and regulatory requirements, practices or expectations, which may impede profitability or affect our financial condition, including new regulations imposed in connection with the TARP provisions of the EESA, such as the Financial Stability Plan and the CPP, being implemented and administered by the U.S. Treasury in coordination with other federal regulatory agencies, further laws enacted by the U.S. Congress in an effort to strengthen the fundamentals of the economy, or other regulations promulgated by federal regulators to mitigate the systemic risk presented by the current financial crisis, such as the Federal Deposit Insurance Corporation s (FDIC) Temporary Liquidity Guarantee Program (TLGP).

It could take us longer than anticipated to implement strategic initiatives, including those designed to grow revenue or manage expenses; we may be unable to implement certain initiatives; or the initiatives we employ may be unsuccessful.

Increases in deposit insurance premiums imposed on KeyBank due to the FDIC s restoration plan for the Deposit Insurance Fund established on October 7, 2008 and continued difficulties experienced by other financial institutions may have an adverse effect on our results of operations.

Acquisitions and dispositions of assets, business units or affiliates could adversely affect us in ways that management has not anticipated.

We are subject to voluminous and complex rules, regulations and guidelines imposed by a number of government authorities; regulatory requirements appear to be expanding in the current environment. Implementing and monitoring compliance with these requirements is a significant task, and failure to do so effectively may result in penalties or related costs that could have an adverse effect on our results of operations.

We may have difficulty attracting and/or retaining key executives and/or relationship managers at compensation levels necessary to maintain a competitive market position.

We may experience operational or risk management failures due to technological or other factors.

Changes in accounting principles or in tax laws, rules and regulations could have an adverse effect on our financial results or capital.

We may become subject to new legal obligations or liabilities, or the unfavorable resolution of pending litigation may have an adverse effect on our financial results or capital.

Terrorist activities or military actions could disrupt the economy and the general business climate, which may have an adverse effect on our financial results or condition and that of our borrowers.

We have leasing offices and clients throughout the world. Economic and political uncertainties resulting from terrorist attacks, military actions or other events that affect countries in which we operate may have an adverse effect on those leasing clients and their ability to make timely payments.

Forward-looking statements are not historical facts but instead represent only management s current expectations and forecasts regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. The factors discussed above are not intended to be a complete summary of all risks and uncertainties that may affect our business, the financial services industry and financial markets. Though management strives to monitor and mitigate risk, management cannot anticipate all potential economic, operational and financial developments that may have an adverse impact on our operations and financial results. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to revise any forward-looking statement to reflect subsequent events.

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

The following are certain questions regarding the Exchange Offer that you may have as a holder of the Trust Preferred Securities and the answers to those questions. To fully understand the Exchange Offer and the considerations that may be important to your decision whether to participate, you should carefully read this Prospectus in its entirety, including the section entitled Risk Factors, beginning on page 18 below, as well as the information incorporated by reference herein. For further information about us, see the section of this Prospectus entitled Where You Can Find More Information.

What is the purpose of the Exchange Offer?

As part of the U.S. government s Financial Stability Plan, on February 25, 2009, the U.S. Treasury announced preliminary details of its Capital Assistance Program, or CAP.

To implement the CAP, the Board Governors of the Federal Reserve System (the Federal Reserve), the Federal Reserve Banks, the FDIC and the Office of the Comptroller of the Currency commenced a review, referred to as the Supervisory Capital Assessment Program (the SCAP), of the capital of the 19 largest U.S. banking institutions, including KeyCorp. As announced on May 7, 2009, our regulators determined that we needed to generate $1.8 billion in additional Tier 1 common equity or contingent common equity (*i.e.*, mandatory convertible preferred shares). As required by the SCAP, we submitted a comprehensive capital plan to the Federal Reserve on June 1, 2009. Our capital plan outlines the steps we have taken and intend to take to meet our obligations under the SCAP to generate Tier 1 common equity, and includes those transactions described below, in Summary Purpose of the Exchange Offer . Our capital plan also contemplates generating Tier 1 common equity through certain asset sales that generate gain recognition.

On May 11, 2009, we launched a public offering of up to $750 million in aggregate gross proceeds of our Common Shares in an At the Market offering and filed a prospectus supplement to our existing automatic shelf registration statement on file with the SEC in connection with such offering. On June 2, 2009, we increased the aggregate offering price of the Common Shares that may be sold in the At the Market offering from $750 million to $1.0 billion and completed the offering on the same day by selling all remaining Common Shares available for issuance. Through the At the Market offering, we issued 205,438,975 Common Shares for an average price of $4.87 per share and raised a total of $986.38 million in net proceeds.

On June 3, 2009, we launched an offer to exchange up to 143,500,970 of our Common Shares for any and all of the $797,647,000 in aggregate liquidation preference of outstanding trust preferred securities (collectively, the Institutional TRUPS) issued by KeyCorp Capital I, KeyCorp Capital II, KeyCorp Capital III and KeyCorp Capital VII (the Institutional Exchange Offer). The Institutional Exchange Offer expired at 11:59 p.m., New York City time, on June 30, 2009. On July 1, 2009, we announced that Institutional TRUPS representing $294,014,000 aggregate liquidation preference were validly tendered and not withdrawn, according to information provided by our exchange agent for the Institutional Exchange Offer. We settled the Institutional Exchange Offer on July 6, 2009, issuing approximately 46,338,101 Common Shares in connection with such transaction.

On June 3, 2009, concurrently with the Institutional TRUPS Exchange Offer, we filed a Tender Offer Statement on Schedule TO with the SEC and launched an offer to exchange (the Series A Exchange Offer) our Common Shares for any and all outstanding shares of our 7.750% Non-Cumulative Perpetual Convertible Preferred Stock, Series A, liquidation preference $100 per share (the Series A Preferred Stock). The Series A Exchange Offer expired at 11:59 p.m., New York City time, on June 30, 2009. On July 1, 2009, we announced that approximately 2,130,461 shares of Series A Preferred Stock, representing $213,046,100 aggregate liquidation preference, were validly tendered and not withdrawn, according to information provided by our exchange agent for the Series A Exchange Offer. We settled the Series A Exchange Offer on July 6, 2009, issuing approximately 29,232,025 Common Shares in connection with such transaction.

As of July 6, 2009, we believe that we have generated in excess of the required $1.8 billion in additional Tier 1 common equity required under the SCAP through a combination of actions, including the At the Market offering, the Institutional Exchange Offer and the Series A Exchange Offer described above as well as certain privately negotiated exchanges of our Series A Preferred Stock and certain asset sales that generate gain recognition as described below under The Exchange Offer Purpose of the Exchange Offer .

Although we believe that we have fulfilled the requirement to generate $1.8 billion of additional Tier 1 common equity pursuant to the SCAP, we intend to take advantage of current market opportunities and augment our capital base given the current uncertain economic environment. As such, the purpose of this Exchange Offer is to further augment our Tier 1 common equity capital above and beyond the requirements set forth in the SCAP results.

See Non-GAAP Financial Measures for a discussion of our use of non-GAAP financial measures in this Prospectus.

What are the key terms of the Exchange Offer?

We are offering to exchange up to 158,518,835 of our newly issued Common Shares for any and all outstanding Trust Preferred Securities of the series set forth in the following table, on the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal.

CUSIP	Title of Securities	Issuer	Aggregate Liquidation Preference Outstanding	Liquidation Preference per Trust Preferred Security	*Exchange Value*	*Early Tender Premium Value (if any)*	*Total Exchange Value (as applicable)*
					(per $25 liquidation preference)		
49327J200	5.875% Trust Preferred Securities	KeyCorp Capital V	$ 175,000,000	$ 25	*$20.75*	*$1.25*	*$22.00*
49327K207	6.125% Trust Preferred Securities	KeyCorp Capital VI	$ 75,000,000	$ 25	*$20.75*	*$1.25*	*$22.00*
49327C205	7.000% Enhanced Trust Preferred Securities	KeyCorp Capital VIII	$ 250,000,000	$ 25	*$20.75*	*$1.25*	*$22.00*
49327Q204	6.750% Enhanced Trust Preferred Securities	KeyCorp Capital IX	$ 500,000,000	$ 25	*$20.75*	*$1.25*	*$22.00*
49327R103	8.000% Enhanced Trust Preferred Securities	KeyCorp Capital X	$ 740,000,000	$ 25	*$21.25*	*$1.25*	*$22.50*

What consideration are we offering in exchange for the Trust Preferred Securities?

For each $25 liquidation preference of Trust Preferred Securities we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of our Common Shares (based on the Relevant Price) having a value equal to the sum of (i) the applicable Exchange Value and (ii) the Early Tender Premium Value, if any. The Relevant Price is equal to the Average VWAP (determined as described below) of our Common Shares during the five consecutive trading day period ending on and including the Pricing Date, which is currently expected to be July 31, 2009. For each $25 liquidation preference of Trust Preferred Securities we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of our Common Shares equal to (i) the sum of (A) the applicable Exchange Value and (B) the Early Tender Premium Value, if any, divided by (ii) the Relevant Price.

We refer to the number of Common Shares we will issue for each $25 liquidation preference of Trust Preferred Securities we accept in the Exchange Offer as the exchange ratio, and we will round the applicable exchange ratio for each series of Trust Preferred Securities down to four decimal places.

Depending on the trading price of our Common Shares on the settlement date of the Exchange Offer, the market value of the Common Shares we issue in exchange for each $25 liquidation preference of Trust Preferred Securities we accept for exchange may be less than, equal to or greater than the sum of (i) applicable Exchange Value and (ii) the Early Tender Premium, if any, referred to above.

We will also pay cash for any accrued and unpaid distributions on any Trust Preferred Securities accepted in the Exchange Offer to but excluding the date of settlement of the Exchange Offer.

How will the Average VWAP be determined?

Average VWAP during a period means the arithmetic average of VWAP for each trading day during that period. VWAP for any day means the per share volume weighted average price of our Common Shares on that day as displayed under the heading Bloomberg VWAP on Bloomberg Page KEY <equity> AQR (or its equivalent successor page if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such volume weighted average price is unavailable, the market price of one share of our Common Shares on such trading day determined, using a volume weighted average method, by a nationally recognized investment banking firm retained by us for that purpose).

The Average VWAP will be determined for the five consecutive trading day period ending on and including the Pricing Date. We refer to this five consecutive trading day period as the Pricing Period .

How will the Average VWAP be affected by an extension of the Exchange Offer?

Even if we extend the Exchange Offer, the Average VWAP will still be determined using the arithmetic average of the daily per-share volume weighted average price of our Common Shares for each of the five consecutive trading days ending on and including the Pricing Date, which is currently expected to be July 31, 2009 (subject to revision if the Exchange Offer period is extended). For information about the fluctuations in the share price of our Common Shares, see below under Risk Factors .

How will fluctuations in the trading price of Common Shares affect the consideration offered to holders of Trust Preferred Securities?

If the market price of our Common Shares declines after the Pricing Date, the market value of the Common Shares you will receive in exchange for your Trust Preferred Securities on the settlement date of the Exchange Offer will decline. The trading value of our Common Shares could fluctuate depending upon any number of factors, including factors specific to us and factors that influence trading prices of equity securities generally.

How may I obtain information regarding the Relevant Price and applicable Exchange Ratios?

Throughout the Exchange Offer, the indicative Average VWAP, the resulting indicative Relevant Price and the indicative exchange ratios will be available at http://www.key.com/exchangeoffers and from our information agent, D.F. King & Co., Inc., the Information Agent, at one of its numbers listed on the back cover page of this Prospectus. We will announce the final exchange ratio (both for the Early Tender Period and the Final Tender Period) for each series of Trust Preferred Securities by 9:00 a.m., New York City time, on the Announcement Date as described below and those final exchange ratios will also be available by that time at http://www.key.com/exchangeoffers and from the Information Agent.

We will calculate the final exchange ratios on the Pricing Date and will announce them in a press release issued prior to 9:00 a.m., New York City time, on the immediately succeeding trading day, August 3, 2009 (unless the expiration date is extended), which we refer to as the Announcement Date .

Will fractional shares be issued in the Exchange Offer?

We will not issue fractional Common Shares in the Exchange Offer. Instead, the number of Common Shares received by each registered holder whose Trust Preferred Securities are accepted for exchange in the Exchange Offer will be rounded down to the nearest whole number.

When does the Exchange Offer expire, and may I withdraw Trust Preferred Securities that I have previously tendered?

The Exchange Offer will expire at 11:59 p.m., New York City time, on August 4, 2009 (unless we extend it or terminate it early). You may withdraw any Trust Preferred Securities that you tender at any time prior to the expiration of the Exchange Offer. You may withdraw any Trust Preferred Securities in accordance with the terms of the Exchange Offer by following the procedures described under the caption The Exchange Offer Withdrawal of Tenders.

Will I have an opportunity to tender my Trust Preferred Securities in the Exchange Offer, or withdraw previously tendered Trust Preferred Securities, after the determination of the applicable final exchange ratios?

Yes. Since the final exchange ratios will be calculated and announced by us prior to 9:00 a.m., New York City time, on the Announcement Date, which we currently expect to be August 3, 2009, and the Exchange Offer will not expire earlier than 11:59 p.m., New York City time, on August 4, 2009, you will have a minimum of two trading days after we announce the final exchange ratios to tender your Trust Preferred Securities in the Exchange Offer or to withdraw your previously tendered Trust Preferred Securities.

If the Exchange Offer is consummated and I do not participate in the Exchange Offer or I do not tender all of my Trust Preferred Securities in the Exchange Offer, how will my rights and obligations under my remaining outstanding Trust Preferred Securities be affected?

The terms of your Trust Preferred Securities, if any, that remain outstanding after the consummation of the Exchange Offer will not change as a result of the Exchange Offer. If the Exchange Offer is successful, there may be a more limited trading market for the Trust Preferred Securities. See Risk Factors Risks Related to Not Participating in the Exchange Offer .

Is the Exchange Offer subject to any minimum tender or other conditions?

Our obligation to exchange Common Shares for Trust Preferred Securities in the Exchange Offer is subject to a number of conditions that must be satisfied or waived by us, including among others that there has been no change or development that in our reasonable judgment may materially reduce the anticipated benefits to us of the Exchange Offer or that has had, or could reasonably be expected to have, a material adverse effect on us, our businesses, condition (financial or otherwise) or prospects. See The Exchange Offer Conditions of the Exchange Offer .

Our obligation to consummate the exchange of Common Shares for Trust Preferred Securities is not subject to any minimum tender condition.

Will all Trust Preferred Securities that I tender be accepted in this Exchange Offer?

Not necessarily. In order to ensure compliance with NYSE rules we will issue no more than 158,518,835 Common Shares in the Exchange Offer. Depending on the amount of Trust Preferred Securities tendered in the Exchange Offer and the applicable exchange ratios determined as described above, we may have to prorate the Trust Preferred Securities that we accept in this Exchange Offer to remain within this limit. Any Trust Preferred Securities not accepted for exchange as a result of proration will be returned to tendering holders promptly after the expiration or termination of the Exchange Offer, as applicable. See The Exchange Offer Terms of the Exchange Offer Proration.

How do I participate in the Exchange Offer?

You may tender your Trust Preferred Securities by transferring the Trust Preferred Securities through ATOP or following the other procedures described under The Exchange Offer Procedures for Participating in the Exchange Offer Procedures for Tendering Trust Preferred Securities.

What must I do to participate if my Trust Preferred Securities are held of record by a broker, dealer, commercial bank, trust company or other nominee?

If you wish to tender your Trust Preferred Securities and they are held of record by a broker, dealer, commercial bank, trust company or other nominee, you should contact such entity promptly and instruct it to tender Trust Preferred Securities on your behalf. In some cases, the nominee may request submission of such instructions on a Beneficial Owner s Instruction Form. Please check with your nominee to determine the procedures for such form.

You are urged to instruct your broker, dealer, commercial bank, trust company or other nominee at least five business days prior to the expiration date in order to allow adequate processing time for your instruction.

In order to validly tender your Trust Preferred Securities in the Exchange Offer, you or your broker, dealer, commercial bank, trust company or other nominee must follow the procedures described under The Exchange Offer Procedures for Participating in the Exchange Offer Procedures for Tendering Trust Preferred Securities.

WE ARE NOT PROVIDING FOR GUARANTEED DELIVERY PROCEDURES AND THEREFORE YOU MUST ALLOW SUFFICIENT TIME FOR THE NECESSARY TENDER PROCEDURES TO BE COMPLETED DURING NORMAL BUSINESS HOURS OF DTC ON OR PRIOR TO THE EXPIRATION DATE. IF YOU HOLD YOUR TRUST PREFERRED SECURITIES THROUGH A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE, YOU SHOULD CONSIDER THAT SUCH ENTITY MAY REQUIRE YOU TO TAKE ACTION WITH RESPECT TO THE EXCHANGE OFFER A NUMBER OF DAYS BEFORE THE EXPIRATION DATE IN ORDER FOR SUCH ENTITY TO TENDER TRUST PREFERRED SECURITIES ON YOUR BEHALF ON OR PRIOR TO THE EXPIRATION DATE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND OF NO EFFECT.

May I tender only a portion of the Trust Preferred Securities that I hold?

Yes. You do not have to tender all of your Trust Preferred Securities to participate in the Exchange Offer.

Is KeyCorp making a recommendation regarding whether I should tender in the Exchange Offer?

We are not making any recommendation regarding whether you should tender or refrain from tendering portion of your Trust Preferred Securities in the Exchange Offer. Accordingly, you must make your own determination as to whether to tender your Trust Preferred Securities in the Exchange Offer and, if so, the number of Trust Preferred Securities to tender. Before making your decision, we urge you to carefully read this Prospectus in its entirety, including the information set forth in the section of this Prospectus entitled Risk Factors , and the documents incorporated by reference in this Prospectus.

When does the Exchange Offer expire?

The Exchange Offer will expire at 11:59 p.m., New York City time, on August 4, 2009, which we refer to as the expiration date , unless extended or earlier terminated by us.

Under what circumstances can the Exchange Offer be extended, amended or terminated?

We do not intend to extend or amend the Exchange Offer. However, we reserve the right to extend the Exchange Offer for any reason or no reason at all. We also expressly reserve the right, at any time or from time to time, to amend the terms of the Exchange Offer in any respect prior to the expiration date. We also reserve the right, in our discretion, to terminate the Exchange Offer at any time prior to the expiration date. If the Exchange Offer is terminated, no Trust Preferred Securities will be accepted for exchange and any Trust Preferred Securities that have been tendered will be returned to the holder promptly after the termination. For more information regarding our right to extend, amend or terminate the Exchange Offer, see The Exchange Offer Expiration Date; Extension; Termination; Amendment .

How will I be notified if the Exchange Offer is extended, amended or terminated?

If the Exchange Offer is extended, amended or terminated, we will issue a timely public announcement. For more information regarding notification of extensions, amendments or the termination of the Exchange Offer, see The Exchange Offer Expiration Date; Extension; Termination; Amendment .

How do I withdraw previously tendered Trust Preferred Securities?

To withdraw previously tendered Trust Preferred Securities, you must comply with the appropriate procedures. For more information regarding the procedures for withdrawing tendered Trust Preferred Securities, see The Exchange Offer Withdrawal of Tenders .

With whom may I speak if I have questions about the Exchange Offer?

If you have questions regarding the procedures for tendering your Trust Preferred Securities in the Exchange Offer, require additional Exchange Offer materials or require assistance in tendering your Trust Preferred Securities, please contact D.F. King & Co., Inc., our Information Agent. You can call the Information Agent toll-free at (800) 431-9633. You may also write to the Information Agent at the address set forth on the back cover page of this Prospectus.

SUMMARY

The following summary highlights selected information contained in this Prospectus. It may not contain all of the information that is important to you and is qualified in its entirety by the more detailed information included or incorporated by reference in this Prospectus. You should carefully consider the information contained in and incorporated by reference, including the information set forth under the heading Risk Factors on page 18 below and the information set forth under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

KeyCorp and the KeyCorp Capital Trusts

KeyCorp, organized in 1958 under the laws of the State of Ohio, is headquartered in Cleveland, Ohio. We are a bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended (the BHCA). KeyCorp is the parent holding company for KeyBank National Association (KeyBank), its principal subsidiary, through which most of its banking services are provided. Through KeyBank and certain other subsidiaries, KeyCorp provides a wide range of retail and commercial banking, commercial leasing, investment management, consumer finance and investment banking products and services to individual, corporate and institutional clients through two major business groups, Community Banking and National Banking.

In addition to the customary banking services of accepting deposits and making loans, our bank and trust company subsidiaries offer personal and corporate trust services, personal financial services, access to mutual funds, cash management services, investment banking and capital markets products, and international banking services. Through our subsidiary banks, trust company and registered investment advisor subsidiaries, we provide investment management services to clients that include large corporate and public retirement plans, foundations and endowments, high-net-worth individuals and multiemployer trust funds established for providing pension, vacation or other benefits to employees.

We provide other financial services both inside and outside of our primary banking markets through our nonbank subsidiaries. These services include accident, health and credit-life insurance on loans made by KeyBank, principal investing, community development financing, securities underwriting and brokerage and merchant services. We are an equity participant in a joint venture with Key Merchant Services, LLC, which provides merchant services to businesses.

Each of KeyCorp Capital V, KeyCorp Capital VI, KeyCorp Capital VIII, KeyCorp Capital IX and KeyCorp Capital X is a Delaware statutory trust. We are the sole holder of all the common securities of each of these KeyCorp Capital Trusts. The sole asset and only source of funds to make payments on the Trust Preferred Securities are the junior subordinated debentures we issued to each KeyCorp Capital Trust (the Underlying Debentures). To the extent that a KeyCorp Capital Trust receives interest payments on the relevant Underlying Debentures, it is obligated to distribute those amounts to the holders of Trust Preferred Securities in the form of quarterly distributions. We have provided holders of Trust Preferred Securities a guarantee in support of each KeyCorp Capital Trust s obligation to make distributions on its Trust Preferred Securities, but only to the extent such KeyCorp Capital Trust otherwise has funds available for distribution.

Following the Exchange Offer, the Trust Preferred Securities we acquire in the Exchange Offer will be exchanged by us for a like amount of the Underlying Debentures in accordance with the amended and restated trust agreements governing the KeyCorp Capital Trusts. We will then submit such Underlying Debentures for cancellation by the indenture trustee under the applicable indenture. We currently expect to continue making distributions on the Trust Preferred Securities that are not tendered in the Exchange Offer in accordance with their terms.

Our principal executive office, and the principal place of business for each of the KeyCorp Capital Trusts, is at 127 Public Square, Cleveland, Ohio 44114-1306, and our telephone number is (216) 689-6300.

Purpose of the Exchange Offer

As part of the U.S. government s Financial Stability Plan, on February 25, 2009, the U.S. Treasury announced preliminary details of its CAP, which is designed to: (i) restore confidence throughout the financial system by ensuring that the largest U.S. banking institutions have sufficient capital to absorb higher than anticipated potential future losses that could occur as a result of a more severe economic environment and (ii) support lending to creditworthy borrowers.

To implement the CAP, the Federal Reserve, the Federal Reserve Banks, the FDIC and the Office of the Comptroller of the Currency commenced a review, referred to as the SCAP, of the capital of the 19 largest U.S. banking institutions. The SCAP involved a forward-looking capital assessment, or stress test, of all domestic bank holding companies with risk-weighted assets of more than $100 billion, including KeyCorp, at December 31, 2008. The SCAP was intended to estimate 2009 and 2010 credit losses, revenues and reserve needs for each of these bank holding companies under a macroeconomic scenario that reflects a consensus expectation for the depth and duration of the recession, and a more adverse than expected scenario that reflects the possibility of a longer, more severe recession than the so-called consensus expectation. Based on the results of the SCAP review, regulators made a determination as to the extent to which a bank holding company would need to augment its capital, by raising additional capital, effecting a change in the composition of its capital, or both. The purpose of the SCAP was to ensure that the institutions reviewed have sufficient capital to absorb higher than anticipated potential future losses and remain sufficiently capitalized over the next two years to facilitate lending to creditworthy borrowers should the more adverse than expected macroeconomic scenario become a reality.

As announced on May 7, 2009, under the SCAP, our regulators determined that we needed to generate $1.8 billion in additional Tier 1 common equity or contingent common equity (*i.e.*, mandatory convertible preferred shares). As required by the SCAP, we submitted a comprehensive capital plan to the Federal Reserve on June 1, 2009. The capital plan has a number of components, but it primarily requires that we develop an action plan for generating the required $1.8 billion of additional Tier 1 common equity in order to maintain a Tier 1 risk-based capital ratio of at least 6% and a Tier 1 common equity ratio of at least 4%, in each case under the SCAP s more adverse than expected macroeconomic scenario. The steps outlined in our capital plan include those transactions described below.

On May 11, 2009, we launched a public offering of up to $750 million in aggregate gross proceeds of our Common Shares in an At the Market offering and filed a prospectus supplement to our existing automatic shelf registration statement on file with the SEC in connection with such separate offering. On June 2, 2009, we increased the aggregate offering price of the Common Shares that may be sold in the At the Market offering from $750 million to $1.0 billion, and completed the offering on the same day by selling all remaining Common Shares available for issuance. Through the At the Market offering, we issued 205,438,975 Common Shares for an average price of $4.87 per share and raised a total of $986.38 million in net proceeds.

On June 3, 2009, we launched an offer to exchange up to 143,500,970 of our Common Shares for any and all of the $797,647,000 in aggregate liquidation preference of the outstanding Institutional TRUPS issued in the Institutional Exchange Offer. The Institutional Exchange Offer expired at 11:59 p.m., New York City time, on June 30, 2009. On July 1, 2009, we announced that Institutional TRUPS representing $294,014,000 aggregate liquidation preference were validly tendered and not withdrawn, according to information provided by our exchange agent for the Institutional Exchange Offer. We settled the Institutional Exchange Offer on July 6, 2009, issuing approximately 46,338,101 Common Shares in connection with such transaction.

On June 3, 2009, concurrently with the Institutional TRUPS Exchange Offer, we filed a Tender Offer Statement on Schedule TO with the SEC and launched the Series A Exchange Offer of our Common Shares for any and all outstanding shares of our Series A Preferred Stock. The Series A Exchange Offer expired at 11:59 p.m., New York City time, on June 30, 2009. On July 1, 2009, we announced that approximately 2,130,461 shares of Series A Preferred Stock, representing $213,046,100 aggregate liquidation preference, were validly tendered and not withdrawn, according to information provided by our exchange agent for the Series A Exchange Offer. We settled the Series A Exchange Offer on July 6, 2009, issuing approximately 29,232,025 Common Shares in connection with such transaction.

As of July 6, 2009, we believe that we have generated in excess of the required $1.8 billion in additional Tier 1 common equity required under the SCAP through a combination of actions, including the At the Market offering, the Institutional Exchange Offer and the Series A Exchange Offer described above as well as certain privately negotiated exchanges of our Series A Preferred Stock and certain asset sales that generate gain recognition as described below under The Exchange Offer Purpose of the Exchange Offer .

Although we believe that we have fulfilled the requirement to generate $1.8 billion of additional Tier 1 common equity pursuant to the SCAP, we intend to take advantage of current market opportunities and augment our capital base given the current uncertain economic environment. As such, the purpose of this Exchange Offer is to further augment our Tier 1 common equity capital above and beyond the requirements set forth in the SCAP results.

In addition, although not a primary purpose of the Exchange Offer, to the extent that Trust Preferred Securities are tendered and accepted for exchange and are exchanged for Common Shares in the Exchange Offer, we will be relieved from the obligation to make distribution payments on the Trust Preferred Securities so exchanged. Under the High Participation Scenario and Low Participation Scenario described below under Unaudited Pro Forma Financial Information , and subject to the accompanying assumptions, qualifications and limitations, the Exchange Offer would enable us to retain approximately $66.9 million and $31.3 million on an annual basis, respectively. However, as discussed below under Dividend Policy , we do not expect to increase our quarterly dividend on Common Shares above $0.01 per share for the foreseeable future and could further reduce or eliminate the dividend on our Common Shares, and our ability to increase the quarterly dividend above $0.1875 per share prior to November 14, 2011 is subject in certain circumstances to the consent of the U.S. Treasury.

The issuance of Common Shares resulting from the Exchange Offer, if and when consummated, will likely be dilutive to our common shareholders and may adversely affect the market price of our Common Shares.

See Non-GAAP Financial Measures for a discussion of our use of Non-GAAP financial measures in this Prospectus.

Summary Terms of the Exchange Offer

Exchange Offer	We are offering to exchange up to 158,518,835 of our newly issued Common Shares for any and all outstanding Trust Preferred Securities of the series identified on the cover page of this Prospectus, on the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal.
	We will accept properly tendered Trust Preferred Securities for exchange at the applicable exchange ratio determined as described below, on the terms and conditions of the Exchange Offer and subject to the proration provisions described below. We will return any Trust Preferred Securities that are not accepted for exchange promptly following the expiration of the Exchange Offer or, in the event of termination of the Exchange Offer, promptly after such termination.

For each $25 liquidation preference of Trust Preferred Securities we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of our Common Shares having a value (based on the Relevant Price) equal to the sum of (i) the applicable Exchange Value and (ii) the Early Tender Premium Value, if any. For each $25 liquidation preference of Trust Preferred Securities we accept for exchange in accordance with the terms of the Exchange Offer, we will issue a number of our Common Shares equal to (i) the sum of (A) the applicable Exchange Value and (B) the Early Tender Premium Value, if any, divided by (ii) the Relevant Price. The Relevant Price is equal to the Average VWAP of our Common Shares during the five consecutive trading day period ending on and including the Pricing Date, on the basis of the applicable pricing formula set forth herein, and announced on the immediately succeeding trading day.

We refer to the number of Common Shares we will issue for each $25 liquidation preference of Trust Preferred Securities we accept in the Exchange Offer as the exchange ratio, and we will round the exchange ratio for each series of Trust Preferred Securities down to four decimal places.

Depending on the trading price of our Common Shares on the settlement date of the Exchange Offer, the market value of the Common Shares we issue in exchange for each $25 liquidation preference of Trust Preferred Securities we accept for exchange may be less than, equal to or greater than the sum of (i) the applicable Exchange Value and (ii) the Early Tender Premium, if any, referred to above.

We will also pay cash for any accrued and unpaid distributions on any Trust Preferred Securities accepted in the Exchange Offer to, but excluding, the date of settlement of the Exchange Offer.

Expiration Date and Withdrawal Rights	The Exchange Offer will expire at 11:59 p.m., New York City time, on August 4, 2009 (unless we extend it or earlier terminate it). The term expiration date means such date and time or, if the Exchange Offer is extended, the latest date and time to which the Exchange Offer is so extended. You may withdraw any Trust Preferred Securities that you tender at any time prior to the expiration date. You may withdraw any Trust Preferred Securities in accordance with the terms of the Exchange Offer by following the procedures described under the caption The Exchange Offer Withdrawal of Tenders.
Publication of Exchange Ratio Information	Throughout the Exchange Offer, the indicative Average VWAP, the resulting indicative Relevant Price and the indicative exchange ratios will be available at http://www.key.com/exchangeoffers and from the Information Agent at one of its numbers listed on the back cover page of this Prospectus. We will announce the final exchange ratio (both for the Early Tender Period and the Final Tender Period) for each series of Trust Preferred Securities by 9:00 a.m., New York City time, on the Announcement Date, and those final exchange ratios will also be available by that time at http://www.key.com/exchangeoffers and from the Information Agent.
Extensions; Waivers and Amendments; Termination	Subject to applicable law, we reserve the right to (i) extend the Exchange Offer, (ii) waive any and all conditions to or amend the Exchange Offer in any respect (except as to the requirement that the registration statement be declared effective) or (iii) terminate the Exchange Offer. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled expiration date. See The Exchange Offer Expiration Date; Extension; Termination; Amendment.
Conditions to the Exchange Offer	Our obligation to exchange Common Shares for Trust Preferred Securities in the Exchange Offer is subject to a number of conditions that must be satisfied or waived by us, including among others, that there has been no change or development that in our reasonable judgment may materially reduce the anticipated benefits to us of the Exchange Offer or that has had, or could reasonably be expected to have, a material adverse effect on us, our businesses, condition (financial or otherwise) or prospects.

Our obligation to consummate the exchange of Common Shares for Trust Preferred Securities is not subject to any minimum tender condition. See The Exchange Offer Conditions of the Exchange Offer.

Settlement Date	The settlement date for the Exchange Offer will be a date promptly following the expiration date. We currently expect the settlement date to be three business days after the expiration date.

Fractional Shares	We will not issue fractional Common Shares in the Exchange Offer. Instead, the number of our Common Shares received by each registered holder whose Trust Preferred Securities are accepted for exchange in the Exchange Offer will be rounded down to the nearest whole number.
Proration	In order to assure compliance with NYSE rules, we will issue no more than 158,518,835 of our Common Shares in the Exchange Offer. Depending on the amount of Trust Preferred Securities tendered in the Exchange Offer and the respective exchange ratios for each series of Trust Preferred Securities determined as described above, we may have to prorate the Trust Preferred Securities that we accept from each tendering holder in this Exchange Offer to remain within this limit. Any Trust Preferred Securities not accepted for exchange as a result of proration will be returned to tendering holders promptly after the expiration or termination of the Exchange Offer, as applicable. See The Exchange Offer Terms of the Exchange Offer Proration.
Procedures for Tendering Trust Preferred Securities	You may tender your Trust Preferred Securities by transferring the Trust Preferred Securities through ATOP, following the procedures set forth below and described in more detail under The Exchange Offer Procedures for Participating in the Exchange Offer Procedures for Tendering Trust Preferred Securities. Alternatively, you may complete and sign the Letter of Transmittal in accordance with the instructions set forth therein, have the signature thereon guaranteed, if required, and send or deliver the manually signed Letter of Transmittal, together with any required documents, to the Exchange Agent at its address set forth in the Letter of Transmittal.

Any beneficial owner whose Trust Preferred Securities are held of record by a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender Trust Preferred Securities should contact such nominee promptly and instruct such nominee to tender Trust Preferred Securities on such owner s behalf. In some cases, the nominee may request submission of such instructions on a Beneficial Owner s Instruction Form. Please check with your nominee to determine the procedures for such form.

You are urged to instruct your broker, dealer, commercial bank, trust company or other nominee at least five business days prior to the expiration date in order to allow adequate processing time for your instruction.

Should you have any questions as to the procedures for tendering your shares, please call your broker, dealer, commercial bank, trust company or other nominee, or call our Information Agent, at its telephone number set forth on the back cover page of this Prospectus.

In order to validly tender your Trust Preferred Securities in the Exchange Offer, you or your broker, dealer, commercial bank, trust company or other nominee must follow the procedures described under The Exchange Offer Procedures for Participating in the Exchange Offer Procedures for Tendering Trust Preferred Securities.

WE ARE NOT PROVIDING FOR GUARANTEED DELIVERY PROCEDURES AND THEREFORE YOU MUST ALLOW SUFFICIENT TIME FOR THE NECESSARY TENDER PROCEDURES TO BE COMPLETED DURING NORMAL BUSINESS HOURS OF DTC ON OR PRIOR TO THE EXPIRATION DATE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND OF NO EFFECT.

United States Federal Income Tax Considerations	Your exchange of Trust Preferred Securities for our Common Shares pursuant to the Exchange Offer will be treated as a recapitalization for U.S. federal income tax purposes. Therefore, except with respect to accrued but unpaid distributions on the Trust Preferred Securities, you will not recognize any gain or loss upon consummation of the Exchange Offer. See Material U.S. Federal Income Tax Consequences.
Consequences of Failure to Exchange Trust Preferred Securities	Depending on the amount of Trust Preferred Securities that are accepted for exchange in the Exchange Offer, the trading market for the Trust Preferred Securities that remain outstanding after the Exchange Offer may be more limited. A reduced trading volume may decrease the price and increase the volatility of the trading price of the Trust Preferred Securities that remain outstanding following the Exchange Offer.

Two of the four major credit rating agencies recently downgraded our trust preferred securities (including the Trust Preferred Securities that are the subject of this Exchange Offer), and each of the four continues to have our trust preferred securities on a negative ratings watch or have placed those trust preferred securities on negative outlook. Should our Trust Preferred Securities suffer further ratings downgrades, such downgrades could adversely affect the market price for such securities and could negatively impact the value of the affected Trust Preferred Securities that remain outstanding following the Exchange Offer.

Following the Exchange Offer, the Trust Preferred Securities we acquire in the Exchange Offer will be exchanged for a like amount of the Underlying Debentures in accordance with the amended and restated trust agreements governing the KeyCorp Capital Trusts. We will then submit such Underlying Debentures for cancellation by the indenture trustee under the applicable indenture. We currently expect to continue making distributions on the Trust Preferred Securities that are not tendered in the Exchange Offer in accordance with their terms.

Comparison of the Rights of Common Shares and Trust Preferred Securities	There are material differences between the rights of a holder of our Common Shares and a holder of the Trust Preferred Securities. See Comparison of Rights Between the Trust Preferred Securities and the Common Shares.
Market Trading	Our Common Shares are traded on the NYSE under the symbol KEY . The last reported closing price of our Common Shares on July 6, 2009, the last trading day prior to the date of this Prospectus, was $5.08 per share. We will file an application with the NYSE to list the Common Shares to be issued in the Exchange Offer. The KeyCorp Capital V 5.75% Trust Preferred Securities are listed for trading on the NYSE under the symbol KEYPrA. The KeyCorp Capital VI 6.125% Trust Preferred Securities are listed for trading on the NYSE under the symbol KEYPrB. The KeyCorp Capital VIII 7.000% Enhanced Trust Preferred Securities are listed for trading on the NYSE under the symbol KEYPrD. The KeyCorp Capital IX 6.750% Enhanced Trust Preferred Securities are listed for trading on the NYSE under the symbol KEYPrE. The KeyCorp Capital X 8.000% Enhanced Trust Preferred Securities are listed for trading on the NYSE under the symbol KEYPrF.
Brokerage Commissions	You will not be required to pay brokerage commissions to the Dealer Managers, the Exchange Agent, the Information Agent or us in connection with the Exchange Offer.
Soliciting Dealer Fee	With respect to any tender in an amount up to $250,000 in aggregate liquidation preference that is accepted in the Exchange Offer, we will pay the relevant eligible soliciting dealer a fee of 0.50% on the amount of such tender. See The Exchange Offer Soliciting Dealer Fee.
No Appraisal Rights	You will have no appraisal rights in connection with the Exchange Offer.
Regulatory Approvals	We have obtained the required approval of the Federal Reserve required for the repurchase of the Trust Preferred Securities. No other regulatory approvals are required.
Dealer Managers (Sole Arranger and Lead Manager)	Morgan Stanley & Co. Incorporated
UBS Securities LLC	
Citigroup Global Markets Inc.	
Wells Fargo Securities, LLC	
Information Agent	D.F. King & Co., Inc.
Exchange Agent	Computershare Trust Company, N.A.

RISK FACTORS

You should carefully consider the risks described below and all of the information contained and incorporated by reference in this Prospectus before you decide whether to participate in the Exchange Offer. In particular, you should carefully consider, inter alia, the matters discussed below and under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

Risks Related to Possible Future Capital Raises

The U.S. Treasury may require us to raise additional capital that would likely be dilutive to our Common Shares.

In our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, we reported that under the U.S. Treasury s CAP we were required to participate in the SCAP to determine whether we would be required to raise additional capital. As announced on May 7, 2009, under the SCAP assessment, we are required to increase the amount of our Tier 1 common equity by $1.8 billion within six months. As of July 6, 2009, we believe that we have generated in excess of the $1.8 billion required by the SCAP results. Although we believe that we have now fulfilled the requirement to generate $1.8 billion of additional Tier 1 common equity pursuant to the SCAP, there can be no assurance that our regulators, including the U.S. Treasury and the Federal Reserve, will not conduct additional stress test capital assessments such as the SCAP and/or require us to generate additional capital, including Tier 1 common equity, in the future in light of changing economic circumstances. Any additional capital we generate in the future, whether through this Exchange Offer, underwritten offerings of Common Shares or other public or private transactions or through the conversion of our Series B Preferred Stock and the issuance of warrants to the U.S. Treasury, would likely be dilutive to common shareholders and may reduce the market price of our Common Shares.

If so required by our regulators to raise additional capital, we may not be able to raise private (i.e., non-governmental) capital in the amount required or at all, in which event we may be required to raise additional capital through the U.S. Treasury s CAP.

There can be no assurance that private capital will be available to us on acceptable terms or at all, or that sufficient holders of our trust preferred securities will be willing to exchange such securities (whether in the Exchange Offer contemplated hereby or in such other exchange offers as we may make) for our Common Shares. If we are unable to raise such amount of additional capital required to be raised through private capital transactions, we may be required to obtain capital from the U.S. Treasury by converting our Series B Preferred Stock issued under the CPP to mandatory convertible preferred shares under the CAP. To view the standard CAP term sheet, including a summary of the terms of the securities that the U.S. Treasury receives in connection with any CAP issuance, see www.financialstability.gov.

The issuance of mandatory convertible preferred shares under the CAP would be likely to impose additional conditions and limitations related to executive compensation and corporate governance upon us as well as new public reporting obligations. Many of our competitors would not be subject to these restrictions and would therefore gain a competitive advantage.

Furthermore, the CAP mandatory convertible preferred shares would accrue cumulative dividends at a rate of 9% per annum until their mandatory conversion to Common Shares after seven years or prior redemption. This would represent an increase in dividend payments over the current CPP rate of 5% per annum (for the first five years), which could adversely impact our liquidity, limit our ability to return capital to shareholders and have a material adverse effect on us.

Converting a large amount of our Series B Preferred Stock issued under the CPP to mandatory convertible preferred shares issued under the CAP could result in the U.S. Treasury becoming a significant shareholder of us. Even if the U.S. Treasury does not control a majority of voting power, it may be able to exert significant influence on matters submitted to shareholders for approval, including the election of directors and certain transactions. The U.S. Treasury may also transfer all, or a portion, of its shares to another person or entity and, in the event of such a transfer, that person or entity could become a significant shareholder of us. In addition, any issuance of a large amount of common equity or equity convertible into common to a private investor or group of investors may pose similar risks.

Having a significant shareholder may make some future transactions more difficult or perhaps impossible to complete without the support of such shareholder. The interests of the significant shareholder, may not coincide with our interests or the interests of other shareholders. There can be no assurance that any significant shareholder will exercise its influence in our best interests as opposed to its best interests as a significant shareholder. A significant shareholder may make it difficult to approve certain transactions even if they are supported by the other shareholders, which may have an adverse effect on the market price of our Common Shares.

This Exchange Offer and any future issuances of Common Shares will result in significant dilution to holders of our Common Shares, including participants in the Exchange Offer.

Although not currently contemplated, we may elect in the future to increase further our Tier 1 common equity by exchanging (with the approval of the U.S. Treasury) a number of shares of the Series B Preferred Stock we issued to the U.S. Treasury under the CPP for shares of mandatory convertible preferred stock issued under the CAP, or for Common Shares or another common equivalent security that the U.S. Treasury otherwise agrees to purchase, directly or indirectly. Such an exchange could also involve the issuance of a warrant to the U.S. Treasury to purchase additional Common Shares as contemplated by the published terms of the CAP. In addition, in connection with purchasing the Series B Preferred Stock, pursuant to a Letter Agreement dated November 14, 2008 and the Securities Purchase Agreement Standard Terms attached thereto, the U.S. Treasury received a warrant to purchase 35,244,361 shares of our Common Shares at an initial per share exercise price of $10.64, subject to adjustment, which expires ten years from the issuance date, and we have agreed to provide the U.S. Treasury with registration rights covering the warrant and the underlying Common Shares. Even if we were to redeem the Series B Preferred Stock there is no assurance that this warrant will be fully retired, and therefore that it will not be exercised, prior to its expiration date. The issuance of additional Common Shares or common equivalent securities in future equity offerings, to the U.S. Treasury under the SCAP or otherwise, or as a result of the exercise of the warrant the U.S. Treasury holds will dilute the ownership interest of our existing common shareholders.

In addition, the terms of the warrant we issued to the U.S. Treasury under the CPP provides that, if we issue Common Shares or securities convertible or exercisable into, or exchangeable for, Common Shares at a price that is less than 90% of the market price of such shares on the last trading day preceding the date of the agreement to sell such shares, the number and the per share price of Common Shares to be purchased pursuant to the warrant will be adjusted pursuant to its terms. We may also choose to issue securities convertible into or exercisable for our Common Shares and such securities may themselves contain anti-dilution provisions. Such anti-dilution adjustment provisions may have a further dilutive effect on other holders of our Common Shares.

There can be no assurances that we will not in the future determine that it is advisable, or that we will not encounter circumstances where we determine it is necessary, to issue additional Common Shares, securities convertible into or exchangeable for Common Shares or common-equivalent securities to fund strategic initiatives or other business needs or to build additional capital. The market price of our Common Shares could decline as a result of this Exchange Offer or other offerings, as well as other sales of a large block of our Common Shares or similar securities in the market thereafter, or the perception that such sales could occur.

We may not be permitted to repurchase the U.S. Treasury s TARP CPP investment if and when we request approval to do so.

Although we believe that we have generated in excess of the $1.8 billion in additional Tier 1 common equity required by the SCAP, we have not currently requested the approval of the U.S. Treasury to repurchase the Series B Preferred Stock and warrant issued to the U.S. Treasury under the TARP CPP. In order to repurchase one or both of such securities, in whole or in part, we must establish that we have satisfied all of the conditions to repurchase and must obtain the approval of the U.S. Treasury. There can be no assurance that we will be able to repurchase the U.S. Treasury s TARP investment.

Risks Related to the Market Price and Value of the Common Shares Offered in the Exchange Offer

Although the number of Common Shares offered in the Exchange Offer will be determined, subject to the limitations described herein, based on the Average VWAP of our Common Shares during the five consecutive trading day period ending on and including the Pricing Date, the market price of our Common Shares may fluctuate, and the market price of the Common Shares upon settlement of the Exchange Offer could be less than the Relevant Price.

The number of Common Shares offered for each Trust Preferred Security accepted for exchange will be determined based on the Average VWAP of the Common Shares during the five consecutive trading day period ending on and including the Pricing Date and will not be adjusted regardless of any increase or decrease in the market price of our Common Shares or the Trust Preferred Securities between that date and the settlement date. Therefore, the market price of the Common Shares at the time you receive your Common Shares on the settlement date could be significantly less than the price used to determine the number of Common Shares you will receive. The market price of our Common Shares has recently been subject to significant fluctuations and volatility.

The trading price of our Common Shares may be subject to continued significant fluctuations and volatility.

The market price of our Common Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding our operations or business prospects. Such risks may be affected by:

- operating results that vary from the expectations of management, securities analysts and investors;
- developments in our businesses or in the financial sector generally;
- regulatory changes affecting our industry generally or our businesses and operations;
- the operating and securities price performance of companies that investors consider to be comparable to us;
- announcements of strategic developments, acquisitions and other material events by us or our competitors;
- changes in the credit, mortgage and real estate markets, including the markets for mortgage-related securities; and
- changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, stock, commodity, credit or asset valuations or volatility.

Stock markets in general and our Common Shares in particular have experienced significant volatility over the past eighteen months, and continue to be experiencing, significant price and volume volatility. As a result, the market price of our Common Shares may continue to be subject to similar market fluctuations that may be unrelated to our operating performance or prospects. Increased volatility could result in a decline in the market price of our Common Shares.

We urge you to obtain current market quotations for our Common Shares when you consider the Exchange Offer.

Risks Related to the Rights of our Common Shares Compared to the Rights of our Debt Obligations and Senior Equity Securities, including the Trust Preferred Securities

All of our debt obligations and our senior equity securities, including our preferred stock and any Trust Preferred Securities and Institutional TRUPS that remain outstanding after the Exchange Offer, the Series A Exchange Offer and the Institutional Exchange Offer, will have priority over our Common Shares with respect to payment in the event of liquidation, dissolution or winding-up and with respect to the payment of dividends.

In any liquidation, dissolution or winding-up of KeyCorp, our Common Shares would rank below all debt claims against us and claims of all of our outstanding shares of preferred stock and other senior equity securities, including the Series A Preferred Stock that is not exchanged for Common Shares in the Series A Exchange Offer or otherwise, the Series B Preferred Stock, any Trust Preferred Securities that are not exchanged for Common Shares in the Exchange Offer and the Institutional TRUPS that are not exchanged for Common Shares in the Institutional Exchange Offer. As a result, holders of our Common Shares, including holders of Trust Preferred Securities whose securities are accepted for exchange in the Exchange Offer, will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding-up of KeyCorp until after all of our obligations to our debt holders have been satisfied and holders of senior equity securities have received any payment or distribution due to them.

Under the terms of our Series A Preferred Stock and Series B Preferred Stock, our ability to declare or pay dividends on or repurchase our Common Shares or other equity or capital securities will be subject to restrictions in the event that we fail to declare and pay (or set aside for payment) full dividends on the Series A Preferred Stock and Series B Preferred Stock. Our board of directors is authorized to cause us to issue additional classes or

series of preferred stock without any action on the part of the common shareholders. If we issue preferred shares in the future that have a preference over our Common Shares with respect to the payment of dividends or upon liquidation, or if we issue preferred shares with voting rights that dilute the voting power of the Common Shares, the rights of holders of our Common Shares or the market price of our Common Shares could be adversely affected.

Holders of Trust Preferred Securities that participate in the Exchange Offer are giving up their right to future distributions on Trust Preferred Securities.

If you tender your Trust Preferred Securities and your Trust Preferred Securities are accepted by us for exchange in the Exchange Offer, you will be giving up your right to any future distribution payments that are paid on the Trust Preferred Securities.

You may not receive dividends on the Common Shares.

Holders of our Common Shares are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. Furthermore, our common shareholders are subject to the prior dividend rights of any holders of our preferred stock or depositary shares representing such preferred stock then outstanding. As of July 6, 2009, there were 2,904,839 shares of our Series A Preferred Stock with a liquidation preference of $100 per share issued and outstanding and 25,000 shares of the Series B Preferred Stock, with a liquidation preference of $100,000 per share, issued and outstanding.

We recently announced our intention to reduce our quarterly dividend to $0.01 per share and do not expect to increase our quarterly dividend above $0.01 for the foreseeable future. We could determine to eliminate our Common Shares dividend altogether. Furthermore, as long as the Series A Preferred Stock and the Series B Preferred Stock are outstanding, dividend payments and repurchases or redemptions relating to certain equity securities, including our Common Shares, are prohibited until all accrued and unpaid dividends are paid on such preferred stock, subject to certain limited exceptions. In addition, prior to November 14, 2011, unless we have redeemed all of the Series B Preferred Stock or the U.S. Treasury has transferred all of the Series B Preferred Stock to third parties, the consent of the U.S. Treasury will be required for us to, among other things, increase our Common Shares dividend above $0.1875 except in limited circumstances. This could adversely affect the market price of our Common Shares. Also, we are a bank holding company and our ability to declare and pay dividends is dependent on certain federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends.

In addition, terms of our outstanding junior subordinated debt securities prohibit us from declaring or paying any dividends or distributions on our capital stock, including our Common Shares, or purchasing, acquiring, or making a liquidation payment on such stock, if an event of default has occurred and is continuing under the applicable indenture, if we are in default with respect to a guarantee payment under the guarantee of the related trust preferred securities or if we have given notice of our election to defer interest payments but the related deferral period has not yet commenced or a deferral period is continuing.

Offerings of debt or additional trust preferred securities which would be senior to our Common Shares upon liquidation and/or preferred equity securities which may be senior to our Common Shares for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our Common Shares.

We may attempt to increase our capital resources or, if the capital ratios of our banking subsidiary fall below the required minimums, we or our banking subsidiary could be forced to raise additional capital by making additional offerings of debt, trust preferred securities or preferred equity securities, including medium-term notes, trust preferred securities, senior or subordinated notes and preferred stock. Upon liquidation, holders of our debt securities, trust preferred securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our Common Shares.

Additional equity offerings may dilute the holdings of our existing shareholders or reduce the market price of our Common Shares, or both. Holders of our Common Shares are not entitled to preemptive rights or other protections against dilution.

Our board of directors is authorized to issue one or more classes or series of preferred stock from time to time without any action on the part of the shareholders. Our board of directors also has the power, without shareholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights, and preferences over our Common Shares with respect to dividends or upon our dissolution, winding-up and liquidation and other terms.

Therefore, if we issue preferred stock in the future that has a preference over our Common Shares with respect to the payment of dividends or upon our liquidation, dissolution, or winding-up, or if we issue preferred stock with voting rights that dilute the voting power of our Common Shares, the rights of holders of our Common Shares or the market price of our Common Shares could be adversely affected.

Our articles of incorporation and regulations as well as certain banking laws may have an anti-takeover effect.

Provisions of our articles of incorporation and regulations and certain federal banking laws, including regulatory approval requirements, could make it more difficult for a third party to acquire us, even if doing so would be perceived to be beneficial to our shareholders. The combination of these provisions may inhibit a non-negotiated merger or other business combination, which, in turn, could adversely affect the market price of our Common Shares.

Additional Risks Related to the Exchange Offer

We have not obtained a third-party determination that the Exchange Offer is fair to holders of the Trust Preferred Securities.

We are not making a recommendation as to whether you should exchange your Trust Preferred Securities in the Exchange Offer. We have not retained, and do not intend to retain, any unaffiliated representative to act on behalf of the holders of the Trust Preferred Securities for purposes of negotiating the Exchange Offer or preparing a report concerning the fairness of the Exchange Offer. You must make your own independent decision regarding your participation in the Exchange Offer.

Failure to complete the Exchange Offer successfully could negatively affect the price of our Common Shares.

Several conditions must be satisfied or waived in order to complete the Exchange Offer, including among others that there has been no change or development that in our reasonable judgment may materially reduce the anticipated benefits to us of the Exchange Offer or that has had, or could reasonably be expected to have, a material adverse effect on us, our businesses, condition (financial or otherwise) or prospects. See The Exchange Offer Conditions of the Exchange Offer. The foregoing conditions may not be satisfied, and if not satisfied or waived, the Exchange Offer may not occur or may be delayed.

If the Exchange Offer is not completed or is delayed, we may be subject to the following material risks:

- the market price of our Common Shares may decline to the extent that the current market price of our Common Shares reflects a market assumption that the Exchange Offer has been or will be completed;

- the market price of our Trust Preferred Securities may decline to the extent that the current market price of our Trust Preferred Securities reflects a market assumption that the Exchange Offer has been or will be completed; and

- we may not be able to increase our Tier 1 common equity by the amount required under SCAP.

Risks Related to Not Participating in the Exchange Offer

If the Exchange Offer is successful, there may no longer be a trading market for the Trust Preferred Securities, the market price for the Trust Preferred Securities may be depressed and there may be a limited trading market for the Trust Preferred Securities.

Depending on the amount of Trust Preferred Securities that are accepted for exchange in the Exchange Offer, the trading market for the Trust Preferred Securities that remain outstanding after the Exchange Offer may be more limited. A reduced trading volume may decrease the price and increase the volatility of the trading price of the Trust Preferred Securities that remain outstanding following the Exchange Offer. This may also decrease the price and increase the volatility of the trading prices of the affected Trust Preferred Securities that remain outstanding following the Exchange Offer.

Our credit ratings are important in order to maintain our liquidity.

Although our long-term debt is currently rated investment-grade by the major rating agencies, the ratings of our long-term debt (including our trust preferred securities) have recently been downgraded and/or put on negative watch by those major rating agencies. These rating agencies regularly evaluate us and our securities, and their ratings of our long-term debt and other securities are based on a number of factors, including our financial strength, our ability to generate earnings, and other factors some of which are not entirely within our control, such as conditions affecting the financial services industry and the economy generally. In light of the difficulties in the financial services industry, the financial markets, and the economy there can be no assurance that we will maintain our current ratings.

If our securities suffer additional ratings downgrades, such downgrades could adversely affect our access to liquidity and could significantly increase our cost of funds, trigger additional collateral or funding requirements, and decrease the number of investors and counterparties willing to lend to us, thereby curtailing our business operations and reducing our ability to generate income. If there are further downgrades of the credit ratings of our securities, particularly if they are below investment-grade, our business, financial condition, results of operations, and/or access to liquidity and/or credit could be materially and adversely affected.

NON-GAAP FINANCIAL MEASURES

The following table presents computations of certain financial measures related to tangible common equity and Tier 1 common equity. The tangible common equity ratios have become a focus of some investors and management believes that these ratios may assist investors in analyzing our capital position absent the effects of intangible assets and preferred stock. Traditionally, the Federal Reserve and other banking regulators have assessed a bank s capital adequacy based on Tier 1 capital, the calculation of which is codified in federal banking regulations. In connection with the SCAP, the banking regulators have also supplemented their assessment of the capital adequacy of a bank based on a variation of Tier 1 capital, known as Tier 1 common equity. While not codified, analysts and banking regulators have assessed our capital adequacy using the tangible common equity and/or the Tier 1 common equity measure. Because tangible common equity and Tier 1 common equity are not formally defined by GAAP or codified in the federal banking regulations, these measures are considered to be non-GAAP financial measures. Because analysts and banking regulators may assess our capital adequacy using tangible common equity and Tier 1 common equity, we believe that it is useful to provide investors the ability to assess our capital adequacy on these same bases.

Tier 1 common equity is often expressed as a percentage of net risk-weighted assets. Under the risk-based capital framework, a bank s balance sheet assets and credit equivalent amounts of off-balance sheet items are assigned to one of four broad risk categories. The aggregated dollar amount in each category is then multiplied by the risk weighting assigned to that category. The resulting weighted values from each of the four categories are added together and this sum is the risk-weighted assets total that, as adjusted, comprises the denominator of certain risk-based capital ratios. Tier 1 capital is then divided by this denominator (net risk-weighted assets) to determine the Tier 1 capital ratio. Adjustments are made to Tier 1 capital to arrive at Tier 1 common equity. Tier 1 common equity is also divided by net risk-weighted assets to determine the Tier 1 common equity ratio. The amounts disclosed as net risk-weighted assets are calculated consistent with banking regulatory requirements.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. To mitigate these limitations, we have procedures in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components and to ensure that our capital performance is properly reflected to facilitate period-to-period comparisons. Although these non-GAAP financial measures are frequently used by investors in the evaluation of a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP.

The following table provides reconciliations of ending shareholders equity (GAAP) to ending tangible common equity (non-GAAP) and ending assets (GAAP) to ending tangible assets (non-GAAP). It also provides a reconciliation of shareholders equity (GAAP) to Tier 1 capital (regulatory) and to Tier 1 common equity (non-GAAP).

(dollars in millions)	March 31, 2009 (Unaudited)	March 31, 2008 (Unaudited)	December 31, 2008	December 31, 2007	December 31, 2006 (Unaudited)	December 31, 2005	December 31, 2004
TANGIBLE COMMON EQUITY TO TANGIBLE ASSETS							
KeyCorp shareholders equity (GAAP)	$ 9,968	$ 8,592	$ 10,480	$ 7,746	$ 7,703	$ 7,598	$ 7,117
Less: Intangible assets	1,029	1,763	1,266	1,375	1,322	1,480	1,446
Series B Preferred Stock	2,418		2,414				
Series A Preferred Stock	658		658				
Tangible common equity (non-GAAP)	$ 5,863	$ 6,829	$ 6,142	$ 6,371	$ 6,381	$ 6,118	$ 5,671
Total assets (GAAP)	$ 97,834	$ 101,492	$ 104,531	$ 98,228	$ 92,337[1]	$ 93,126[1]	$ 90,747[1]
Less: Intangible assets	1,029	1,763	1,266	1,375	1,322	1,480	1,446
Tangible assets (non-GAAP)	$ 96,805	$ 99,729	$ 103,265	$ 96,853	$ 91,015	$ 91,646	$ 89,301
Tangible common equity to tangible assets ratio (non-GAAP)	6.06%	6.85%	5.95%	6.58%	7.01%	6.68%	6.35%
TIER 1 COMMON EQUITY							
KeyCorp shareholders equity (GAAP)	$ 9,968	$ 8,592	$ 10,480	$ 7,746	$ 7,703	$ 7,598	$ 7,117
Qualifying capital securities	2,582	2,759	2,582	1,857	1,792	1,542	1,292
Less: Goodwill	916	1,599	1,138	1,252	1,202	1,355	1,359
Accumulated other comprehensive income (loss)	111	314	76	59	(221)	(80)	(26)
Other assets [2]	184	238	203	197	176	178	132
Total Tier 1 capital (regulatory)	11,339	9,200	11,645	8,095	8,338	7,687	6,944
Less: Qualifying capital securities	2,582	2,759	2,582	1,857	1,792	1,542	1,292
Series B Preferred Stock	2,418		2,414				
Series A Preferred Stock	658		658				
Total Tier 1 common equity (non-GAAP)	$ 5,681	$ 6,441	$ 5,991	$ 6,238	$ 6,546	$ 6,145	$ 5,652
Net risk-weighted assets (regulatory) [2]	$ 101,077	$ 110,437	$ 106,685	$ 108,745	$ 101,135	$ 101,267	$ 96,155
Tier 1 common equity ratio (non-GAAP)	5.62%	5.83%	5.62%	5.74%	6.47%	6.07%	5.88%

(1) Amounts for periods prior to 2007 have not been adjusted to reflect the effect of KeyCorp s January 1, 2008, adoption of Financial Accounting Standards Board (FASB) Interpretation No. 39, Offsetting of Amounts Related to Certain Contracts, and Staff Position No. FIN 39-1, Amendment of FASB Interpretation 39.

(2) Other assets deducted from Tier 1 capital and net risk-weighted assets consist of intangible assets (excluding goodwill) recorded after February 19, 1992, and deductible portions of nonfinancial equity investments.

SELECTED FINANCIAL DATA

Set forth below are highlights from our consolidated financial data as of and for the years ended December 31, 2004 through 2008 and as of and for the quarters ended March 31, 2008 and 2009. You should read this information in conjunction with our consolidated financial statements and related notes included in the Annual Report on Form 10-K for the year ended December 31, 2008 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, which are incorporated by reference into this Prospectus and from which this information is derived. For more information, see the section entitled Where You Can Find More Information . See Non-GAAP Financial Measures for a discussion of our use of non-GAAP financial measures in this Prospectus.

(dollars in millions, except share amounts)	Three Months Ended March 31, 2009	2008	Year Ended December 31, 2008	2007	2006	2005	2004
For the period							
Interest income	$ 1,032	$ 1,354	$ 4,629	$ 5,644	$ 5,380	$ 4,383	$ 3,562
Interest expense	418	641	2,220	2,875	2,565	1,727	1,106
Net interest income	614	713	2,409	2,769	2,815	2,656	2,456
Provision for loan losses	875	187	1,835	529	150	143	185
Noninterest income[1]	492	530	1,878	2,259	2,159	2,075	1,925
Noninterest expense[1]	973	733	3,578	3,246	3,147	3,053	2,877
(Loss) income from continuing operations before income taxes and cumulative effect of accounting change[1]	(742)	323	(1,126)	1,253	1,677	1,535	1,319
(Loss) income from continuing operations before cumulative effect of accounting change[1]	(498)	219	(1,460)	973	1,227	1,099	914
(Loss) income from discontinued operations, net of taxes				(22)	(143)	39	47
(Loss) income before cumulative effect of accounting change[1]	(498)	219	(1,460)	951	1,084	1,138	961
Net (loss) income attributable to KeyCorp	(488)	218	(1,468)	919	1,055	1,129	954
Amounts attributable to KeyCorp common shareholders							
(Loss) income from continuing operations before cumulative effect of accounting change	$ (488)	$ 218	$ (1,468)	$ 941	$ 1,193	$ 1,090	$ 907
(Loss) income from discontinued operations, net of taxes				(22)	(143)	39	47
(Loss) income before cumulative effect of accounting change	(488)	218	(1,468)	919	1,050	1,129	954
Net (loss) income	(536)	218	(1,510)	919	1,055	1,129	954
Per common share							
(Loss) income from continuing operations before cumulative effect of accounting change	$ (1.09)	$ .55	$ (3.36)	$ 2.40	$ 2.95	$ 2.67	$ 2.21
(Loss) income from discontinued operations, net of taxes				(.06)	(.35)	.10	.11
(Loss) income before cumulative effect of accounting change	(1.09)	.55	(3.36)	2.35	2.60	2.76	2.32
Net (loss) income attributable to KeyCorp	(1.09)	.55	(3.36)	2.35	2.61	2.76	2.32
(Loss) income from continuing operations before cumulative effect of accounting change assuming dilution	(1.09)	.54	(3.36)	2.38	2.91	2.63	2.18
(Loss) income from discontinued operations, net of taxes assuming dilution				(.05)	(.35)	.09	.11
(Loss) income before cumulative effect of accounting change assuming dilution	(1.09)	.54	(3.36)	2.32	2.56	2.73	2.30
Net (loss) income attributable to KeyCorp assuming dilution	(1.09)	.54	(3.36)	2.32	2.57	2.73	2.30
Cash dividends paid	.0625	.375	1.00	1.46	1.38	1.30	1.24
Book value at period end	13.82	21.48	14.97	19.92	19.30	18.69	17.46
Weighted average common shares outstanding (000)	492,813	399,121	450,039	392,013	404,490	408,981	410,585
Weighted average common shares and potential common shares outstanding (000)	492,813	399,769	450,039	395,823	410,222	414,014	415,430

(dollars in millions, except per share amounts)	Three Months Ended March 31, 2009	2008	Year Ended December 31, 2008	2007	2006	2005	2004
At period end							
Loans[2]	$ 73,703	$ 76,444	$ 76,504	$ 70,823	$ 65,826	$ 66,478	$ 63,372
Earning assets[2]	89,042	89,719	94,020	86,557	80,090	80,143	78,140
Total assets	97,834	101,492	104,531	98,228	92,337	93,126	90,747
Deposits	65,996	64,702	65,260	63,099	59,116	58,765	57,842
Long-term debt	14,978	14,337	14,995	11,957	14,533	13,939	14,846
KeyCorp common shareholders equity	6,892	8,592	7,408	7,746	7,703	7,598	7,117
KeyCorp shareholders equity	9,968	8,592	10,480	7,746	7,703	7,598	7,117
Performance ratios							
From continuing operations:							
Return on average total assets	(1.91)%	.85%	(1.41)%	.99%	1.30%	1.24%	1.09%
Return on average common equity	(29.87)	10.38	(18.32)	12.19	15.43	14.88	13.07
Net interest margin (taxable equivalent)	2.77	3.14	2.16	3.46	3.67	3.65	3.62
From consolidated operations:							
Return on average total assets	(1.91)%	.85%	(1.41)%	.97%	1.12%	1.24%	1.10%
Return on average common equity	(29.87)	10.38	(18.32)	11.90	13.64	15.42	13.75
Net interest margin (taxable equivalent)	2.77	3.14	2.16	3.46	3.69	3.69	3.63
Capital ratios at period end							
KeyCorp shareholders equity to assets[2]	10.19%	8.47%	10.03%	7.89%	8.34%	8.16%	7.84%
Tangible KeyCorp shareholders equity to tangible assets[2]	9.23	6.85	8.92	6.58	7.01	6.68	6.35
Tangible common equity to tangible assets[2]	6.06	6.85	5.95	6.58	7.01	6.68	6.35
Tier 1 risk-based capital	11.22	8.33	10.92	7.44	8.24	7.59	7.22
Total risk-based capital	15.18	12.34	14.82	11.38	12.43	11.47	11.47
Leverage	11.19	9.15	11.05	8.39	8.98	8.53	7.96
Tier 1 common equity	5.62	5.83	5.62	5.74	6.47	6.07	5.88
Asset quality data							
Non-performing loans at period end	$ 1,738	$ 1,054	$ 1,225	$ 687	$ 215	$ 277	$ 308
Non-performing assets at period end	1,997	1,115	1,464	764	273	307	379
Allowance for loan losses at period end	2,186	1,298	1,803	1,200	944	966	1,138
Net loan charge-offs	492	121	1,260	275	170	315	431
Non-performing loans to period-end portfolio loans	2.36%	1.38%	1.60%	.97%	.33%	.42%	.49%
Non-performing assets to period-end portfolio loans plus OREO and other non-performing assets	2.70	1.46	1.91	1.08	.41	.46	.60
Allowance for loan losses to non-performing loans	125.78	123.15	147.18	174.67	439.07	348.74	369.48
Allowance for loan losses to period-end loans	2.97	1.70	2.36	1.69	1.43	1.45	1.80
Net loan charge-offs to average loans from continuing operations	2.65	.67	1.67	.41	.26	.51	.74

(1) Unaudited. Amounts for periods prior to 2009 have been restated to reflect the adoption of SFAS No. 160 Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51. Adoption of this guidance did not have a material effect on our financial condition or results of operations.

(2) Certain financial data for periods prior to 2007 have not been adjusted to reflect the effect of KeyCorp s January 1, 2008, adoption of Financial Accounting Standards Board (FASB) Interpretation No. 39, Offsetting of Amounts Related to Certain Contracts, and Staff Position No. FIN 39-1, Amendment of FASB Interpretation 39 .

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following selected unaudited *pro forma* financial information has been presented to give effect to and show the *pro forma* impact of the Exchange Offer on our financial condition and earnings as of, and for the fiscal year ended, December 31, 2008 and as of, and for the three-month period ended, March 31, 2009.

The unaudited *pro forma* financial information is presented for illustrative purposes only and does not necessarily indicate the financial position or results that would have been realized had the Exchange Offer been completed as of the dates indicated or that will be realized in the future when and if the Exchange Offer is consummated. The selected unaudited *pro forma* financial information has been derived from, and should be read in conjunction with, our summary historical consolidated financial information included elsewhere in this Prospectus and our historical consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the three-month period ended March 31, 2009, filed with the SEC, which is incorporated by reference into this Prospectus.

Our unaudited *pro forma* consolidated balance sheets as of March 31, 2009 have been presented as if the Exchange Offer had been completed on March 31, 2009 and our *pro forma* consolidated statements of income have been presented as if the Exchange Offer had been completed on January 1, 2008.

For purposes of the *pro forma* presentations for the year ended December 31, 2008 and period ended March 31, 2009, and as of March 31, 2009, we have assumed that the Average VWAP per share of our Common Shares is $5.21, which we determined assuming the Pricing Date for the determination of the Average VWAP ended on and included July 2, 2009.

Unaudited Pro Forma Balance Sheets

We have shown the pro forma impact of a High Participation Scenario and a Low Participation Scenario with respect to the Exchange Offer prepared using the assumptions set forth below. In both scenarios, we have also reflected under the heading Subsequent Other Capital Adjustments the impact of the At the Market offering of Common Shares completed on June 2, 2009, the Institutional Exchange Offer and the Series A Exchange Offer (including the settlement of both the Institutional Exchange Offer and the Series A Exchange Offer on July 6, 2009) as well as certain privately negotiated exchanges of Series A Preferred Stock. The High Participation Scenario assumes the tender of 75% of the outstanding Trust Preferred Securities and the exchange (after proration, in the case of the Trust Preferred Securities, if any, to ensure compliance with NYSE rules that limit the issuance of Common Shares in certain circumstances without shareholder approval) of such securities for Common Shares. The Low Participation Scenario assumes the tender and exchange of 25% of the outstanding Trust Preferred Securities for Common Shares.

There can be no assurances that the foregoing assumptions will be realized in the future, including as to the amounts and percentage of Trust Preferred Securities that will be tendered in the Exchange Offer.

Pro Forma Consolidated Balance Sheet

(Unaudited)

High Participation Scenario

(in millions)	Actual March 31, 2009	Subsequent Other Capital Adjustments[1]	Adjustments Trust Preferred Securities Exchange Offer for Common Shares[14]	Pro Forma March 31, 2009
ASSETS				
Cash and due from banks	$ 637	$ 986[2]		$ 1,623
Short-term investments	2,917	2,933[3]		5,850
Trading account assets	1,279			1,279
Securities available for sale	8,530	(2,933)[4]		5,597
Held-to-maturity securities	25			25
Other investments	1,464			1,464
Loans, net of unearned income	73,703			73,703
Less: Allowance for loan losses	2,186			2,186
Net loans	71,517			71,517
Loans held for sale	1,124			1,124
Premises and equipment	847			847
Operating lease assets	889			889
Goodwill	917			917
Other intangible assets	112			112
Corporate-owned life insurance	2,994			2,994
Derivative assets	1,707			1,707
Accrued income and other assets	2,875	(3)[5]	$ (27)[15]	2,845
Total assets	$ 97,834	$ 983	$ (27)	$ 98,790
LIABILITIES				
Total deposits	$ 65,996			$ 65,996
Federal funds purchased and securities sold under repo agreements	1,565			1,565
Bank notes and other short-term borrowings	2,285			2,285
Derivative liabilities	932			932
Accrued expense and other liabilities	1,904	$ 35[6]	$ 52[16]	1,991
Long-term debt	14,978	(340)[7]	(991)[17]	13,647
Total liabilities	87,660	(305)	(939)	86,416
EQUITY				
Preferred stock	3,076	(361)[8]		2,715
Common Shares	584	280[9]	158[9]	1,022
Common Stock warrant	87			87
Capital surplus	2,464	808[10]	667[18]	3,939
Retained earnings	6,160	132[11]	87[19]	6,379
Treasury Stock, at cost	(2,500)	508[12]		(1,992)
Accumulated other comprehensive income	97	(79)[13]		18
KeyCorp shareholders equity	9,968	1,288	912	12,168
Noncontrolling interests	206			206
Total equity	10,174	1,288	912	12,374
Total liabilities and equity	$ 97,834	$ 983	$ (27)	$ 98,790

(1) Includes Common Shares issued through July 6, 2009 in our At the Market offering, the Series A Exchange Offer and the Institutional Exchange Offer as well as in privately negotiated exchanges of our Series A Preferred Stock as previously announced. Includes the gain recognition from sale of certain assets.
(2) Represents the net cash proceeds from the newly issued Common Shares in our At the Market offering.
(3) Represents the investment of the cash proceeds from the sale of certain assets.
(4) Represents the book value of assets sold.
(5) Represents the amortization of the remaining unamortized debt issuance cost in relation to the Institutional TRUPS.
(6) Amount of income taxes estimated to be payable upon exchange of the Institutional TRUPS.

(7) The carrying amount of the Institutional TRUPS assumed to be unchanged, including the estimated adjustment basis related to SFAS No. 133.

(8) Reduction of preferred stock balance as a result of the Series A Exchange Offer and the exchanges of Series A Preferred Stock for Common Shares in privately negotiated exchanges through July 6, 2009.

(9) Par value of newly issued Common Shares.

(10) Additional paid-in capital (APIC) in respect of newly issued Common Shares, and comprised of the following amounts: (i) $428,000,000 in respect of exchange of Series A Preferred Stock for newly issued Common Shares, (ii) $183,000,000 in respect of the exchange of Series A Preferred Stock for Common Shares in the Series A Exchange Offer and (iii) $197,000,000 in respect of the exchange of Institutional TRUPS for Common Shares in the Institutional Exchange Offer. In respect of the exchange of Series A Preferred Stock for Common Shares in the Series A Exchange Offer, the amount of APIC is equal to the sum of (a) the value of the excess of the fair value of the Common Shares to be issued upon exchange over the as-converted value of the Series A Preferred Stock tendered in the Series A Exchange Offer and (b) the difference between the carrying amount of the Series A Preferred Stock exchanged and the par value of the Common Shares to be issued. In respect of the exchange of Institutional TRUPS for Common Shares in the Institutional Exchange Offer, the amount of APIC is equal to the excess of the fair value of the Common Shares issued over their par value.

(11) Represents the excess of the fair value of the Common Shares issued upon exchange over the as-converted value of the Series A Preferred Stock. Includes the gain on the sale of certain assets.

(12) Represents the cost of treasury shares issued in privately negotiated exchanges of the Series A Preferred Stock as of the date of exchange.

(13) Represents the reduction of other comprehensive income as a result of the sale of certain assets.

(14) Assumes 75% participation in this Exchange Offer of the outstanding Trust Preferred Securities, which, based on the NYSE limitations, is prorated to the exchange of 53% of the outstanding Trust Preferred Securities (an aggregate liquidation preference of $929 million, an exchange value of 88% of the liquidation preference for the Trust Preferred Securities of KeyCorp Capital V, KeyCorp Capital VI, KeyCorp Capital VIII and KeyCorp Capital IX and an exchange value of 90% of the liquidation preference for the Trust Preferred Securities of KeyCorp Capital X, and an Average VWAP of $5.21, which we determined assuming the Pricing Date for the determination of the Average VWAP was July 2, 2009.

(15) Represents the amortization of the remaining unamortized debt issuance cost in relation to the Trust Preferred Securities.

(16) Amount of income taxes estimated to be payable upon exchange of the Trust Preferred Securities.

(17) The carrying amount of the Trust Preferred Securities assumed to be unchanged, including the estimated adjustment basis related to SFAS No. 133 hedging.

(18) APIC in respect of newly issued Common Shares. For Trust Preferred Securities exchanged for Common Shares, the amount of APIC is the excess of the fair value of the Common Shares issued over their par value.

(19) Excess of the carrying amount of the Trust Preferred Securities to be retired over the fair value of the Common Shares to be issued in the Exchange Offer, net of taxes. This amount will be recorded in the income statement of the period during which the Exchange Offer is consummated.

Pro Forma Consolidated Balance Sheet

(Unaudited)

Low Participation Scenario

(in millions)	Actual March 31, 2009	Subsequent Other Capital Adjustments(1)	Adjustments Trust Preferred Securities Exchange Offer for Common Shares(14)	Pro Forma March 31, 2009
ASSETS				
Cash and due from banks	$ 637	$ 986(2)		$ 1,623
Short-term investments	2,917	2,933(3)		5,850
Trading account assets	1,279			1,279
Securities available for sale	8,530	(2,933)(4)		5,597
Held-to-maturity securities	25			25
Other investments	1,464			1,464
Loans, net of unearned income	73,703			73,703
Less: Allowance for loan losses	2,186			2,186
Net loans	71,517			71,517
Loans held for sale	1,124			1,124
Premises and equipment	847			847
Operating lease assets	889			889
Goodwill	917			917
Other intangible assets	112			112
Corporate-owned life insurance	2,994			2,994
Derivative assets	1,707			1,707
Accrued income and other assets	2,875	(3)(5)	$ (12)(15)	2,860
Total assets	$ 97,834			