

KEYCORP /NEW/  
Form DEF 14A  
April 04, 2014  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was previously paid. Identify previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**Focused *Forward***

2014 Proxy Statement and  
Notice of 2014 Annual Meeting  
of Shareholders

Table of Contents

127 PUBLIC SQUARE  
CLEVELAND, OHIO 44114

April 10, 2014

Dear Shareholder,

We are pleased to invite you to KeyCorp's 2014 Annual Meeting of Shareholders on Thursday, May 22, 2014. The meeting will be held at One Cleveland Center, 1375 East Ninth Street, Cleveland, Ohio 44114, beginning at 8:30 a.m., local time.

The notice and proxy statement contain important information about proxy voting and the business to be conducted at the meeting. We encourage you to read it carefully before voting. We hope you will attend the meeting, but even if you plan to attend we encourage you to vote your shares by telephone, online, or by returning your completed proxy card to us.

Every shareholder vote is important and we want to ensure your shares are represented at the meeting. Please vote your shares as promptly as possible.

Thank you for your support of KeyCorp. We look forward to seeing you at the meeting.

Sincerely,

Beth E. Mooney

Chairman of the Board and

Chief Executive Officer

**Table of Contents**

127 PUBLIC SQUARE

CLEVELAND, OHIO 44114

**Notice of Annual Meeting of Shareholders of KeyCorp**

**Date and Time:** Thursday, May 22, 2014 at 8:30 a.m., local time

**Place:** One Cleveland Center

1375 East Ninth Street

Cleveland, Ohio 44114

**Items of Business:** At the meeting, the shareholders will vote on the following matters:

1. Election of the 12 directors named in the proxy statement to serve for one-year terms expiring in 2015;
2. Ratification of the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as independent auditors for KeyCorp for the fiscal year ending December 31, 2014;
3. Advisory approval of KeyCorp's executive compensation;
4. A shareholder proposal seeking to separate the Chairman and Chief Executive Officer roles; and
5. Such other business as may properly come before the meeting or any postponement or adjournment thereof.

**Record Date:** Shareholders of record of KeyCorp common shares at the close of business on Monday, March 24, 2014 have the right to receive notice of and to vote at the Annual Meeting and any postponement or adjournment thereof.

**Delivery of Proxy Materials:** We will first mail the Notice of Internet Availability of Proxy Materials to our shareholders on or about April 10, 2014. On or about the same day, we will begin mailing paper copies of our proxy materials to shareholders who have requested them.

**Internet Availability of Proxy Materials:** **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON THURSDAY, MAY 22, 2014:** Our 2014 proxy statement, proxy card, and Annual Report on Form 10-K for the year ended December 31, 2013 are available at [www.envisionreports.com/key](http://www.envisionreports.com/key).

**Voting:**

It is important that your shares are represented and voted at the meeting. You may vote by telephone, online, or by mailing your signed proxy card in the enclosed return envelope if the proxy statement was mailed to you. If you do attend the meeting, you may withdraw any previously-voted proxy and personally vote on any matter properly brought before the meeting.

By Order of the Board of Directors

Paul N. Harris

Secretary and General Counsel

April 10, 2014

**Table of Contents****Proxy Statement Summary**

This summary contains highlights of information contained elsewhere in our proxy statement. This summary does not contain all of the information that you should consider. You should read the entire proxy statement carefully before you vote.

**2014 Director Nominees**

Name	Age	Director			Committee Memberships				
		Since	Independent	Audit	C&O	NCGC	Risk	Executive	
Joseph A. Carrabba	61	2009	Yes		<b>Chair</b>	ü		ü	
Charles P. Cooley (1)	58	2011	Yes	ü				ü	
Alexander M. Cutler (2)	62	2000	Yes		ü	<b>Chair</b>		ü	
H. James Dallas	55	2005	Yes			ü	<b>Chair</b>		
Elizabeth R. Gile	58	2010	Yes				ü		
Ruth Ann M. Gillis (1)	59	2009	Yes	<b>Chair</b>		ü			
William G. Gisel, Jr.	61	2011	Yes		ü				
Richard J. Hipple	61	2012	Yes				ü		
Kristen L. Manos	54	2009	Yes	ü				ü	
Beth E. Mooney	58	2010	No					<b>Chair</b>	
Demos Parneros	51	2014	Yes				ü		
Barbara R. Snyder	58	2010	Yes		ü			ü	

(1) Qualifies as an audit committee financial expert.

(2) Serves as KeyCorp's independent Lead Director.

**2013 Performance Highlights**

In 2013, KeyCorp was focused *forward* by executing our strategy, growing relationships, investing in our businesses, improving efficiency, and returning peer-leading capital to our shareholders. In 2013, we committed to the following goals and achieved the following results:

Commitment	Results
<b>Optimizing and Growing Revenue</b>	Increased net income from continuing operations attributable to Key common shareholders to \$847 million for 2013 from \$813 million for 2012.
	Acquired and expanded relationships in targeted client segments.



Increased average loans 5% in 2013, driven by a 12% increase in commercial, financial and agricultural loans.

Invested for growth by acquiring commercial mortgage servicing business, and developing capabilities in payments and credit cards, resulting in a doubling of mortgage servicing fees and a 20% increase in cards and payment income.

Improved credit quality, reflected by a 54% decrease in net loan charge-offs to average loans to 0.32% for the year ended December 31, 2013.

Implemented \$241 million in annualized savings, surpassing the target to achieve annualized savings of \$200 million by year-end 2013.

**Improving  
Efficiency**

Optimized staffing, decreasing full-time equivalent employees by 5% from 2012.

Consolidated 62 branches in 2013, with total consolidations since the launch of our efficiency initiative representing approximately 8% of our franchise.

**Effectively  
Managing**

Returned 76% of net income to shareholders in 2013, which we believe places us among the top companies in our Peer Group.

**Capital**

Repurchased \$474 million of common shares in 2013.

**Table of Contents*****2014 Proxy Statement Summary*****Executive Compensation Highlights**

KeyCorp's compensation program is designed to offer competitive pay for performance, aligned with KeyCorp's short- and long-term business strategies, approved risk appetite, and defined risk tolerances. We are committed to a compensation program that aligns with long-term shareholder value, reflects best practices, and conforms to evolving regulatory requirements. At the 2013 Annual Meeting of Shareholders, KeyCorp again received strong support for its executive compensation program with approximately 96% of votes cast in favor of our advisory resolution.

We emphasize variable and performance-based compensation for our executive officers, with approximately 86% of the target total direct compensation opportunity being variable or tied to performance for our Chief Executive Officer and 79% for our other Named Executive Officers (defined on page 27 of this proxy statement, but excluding Mr. Weeden). The elements of our executives' compensation are:

Some highlights of KeyCorp's compensation best practices and governance include:

- ü Maintaining a rigorous, year-round process for making and evaluating pay decisions
- ü Emphasizing variable and performance-based compensation
- ü Requiring deferral of incentive awards (at least 60% for our Chief Executive Officer and 50% for other Named Executive Officers)
- ü Balancing compensation risk and reward
- ü Regularly monitoring our share utilization
- ü Maintaining robust stock ownership guidelines for our executives and directors
- ü Maintaining a compensation clawback policy
- ü Requiring change of control agreements to include double trigger vesting
- ü Retaining an independent compensation consultant
- X Prohibiting tax gross-ups for change of control payments and perquisites
- X Prohibiting the repricing of options or the timing of equity grants
- X No employment agreements for executive officers
- X Supplemental executive retirement plans frozen in 2009

For a more detailed discussion regarding the compensation of our Named Executive Officers, please see our Compensation Discussion and Analysis beginning on page 27 of this proxy statement.

**Table of Contents**

**Corporate Governance Practices**

We are committed to meeting high standards of ethical behavior, corporate governance, and business conduct. Some of our corporate governance best practices include:

**Director Elections**

Annual elections for all directors (page 3)  
Majority voting in uncontested elections (page 4)

**Board Independence**

All director nominees, other than Ms. Mooney, are independent under the New York Stock Exchange's and KeyCorp's standards of independence (page 17)  
Standing Board committees consist solely of independent directors (pages 12 and 17)  
Independent Lead Director Alexander M. Cutler with extensive responsibilities (page 11)  
Annual Lead Director evaluation and review of Board leadership structure by directors (pages 11 and 12)

**Standing Board Committees**

Audit Committee 14 meetings in 2013 (page 13)  
Compensation and Organization Committee 8 meetings in 2013 (page 13)  
Nominating and Corporate Governance Committee 6 meetings in 2013 (page 14)  
Risk Committee 8 meetings in 2013 (page 15)

**Practices and Policies**

Experienced, diverse Board membership  
Independent directors met in executive session at every regular 2013 Board meeting  
Approximately 98% average attendance by directors at Board and committee meetings  
Strong board leadership in the oversight of enterprise risk (page 15)  
Annual disclosure of political spending (page 20)  
Director education (page 19)  
Active shareholder engagement program (page 11)  
Prohibition on hedging or pledging of KeyCorp securities by directors or executive officers (page 25)

For a more detailed discussion concerning KeyCorp's corporate governance practices, please refer to the section entitled "The Board of Directors and Its Committees" beginning on page 11 of this proxy statement.

**Table of Contents*****2014 Proxy Statement Summary*****Proposals for the Annual Meeting**

<b>Proposal</b>	<b>Page</b>	<b>Board Recommendation</b>
<b>1. Election of Directors</b>  You are being asked to elect 12 directors. Each of the nominees is standing for election to hold office until the 2015 Annual Meeting of Shareholders.	3	<b>FOR</b> each nominee
<b>2. Auditor Ratification</b>  You are being asked to ratify the Audit Committee's appointment of Ernst & Young LLP as our independent auditor for fiscal year 2014. One or more representatives of Ernst & Young will be present at the meeting to respond to appropriate questions from shareholders.	65	<b>FOR</b>
<b>3. Say-on-Pay</b>  You are being asked to give advisory approval of compensation paid to KeyCorp's Named Executive Officers (as defined on page 24 of this proxy statement). This advisory vote is held on an annual basis.	66	<b>FOR</b>
<b>4. Shareholder Proposal Seeking to Separate Chairman and Chief Executive Officer Roles</b>  A shareholder proposal requesting that KeyCorp adopt a policy and amend its governance documents so that the role of Chairman of the Board of Directors be held by an independent director is being presented for vote.	67	<b>AGAINST</b>

**Voting Your Shares**

**Who May Vote:** Shareholders of record as of the close of business on March 24, 2014.

**Voting Online:** Registered holders can go to [www.envisionreports.com/key](http://www.envisionreports.com/key) and follow the instructions. If you hold your shares in street name, please follow the instructions found on your voting instruction form.

**Voting by Telephone:**

Follow the instructions in the Notice of Internet Availability of Proxy Materials or on your proxy card.

**Voting by Mail:**

Complete, sign, and date the proxy card and return it in the envelope that was provided in the proxy statement mailing package.

**Voting in Person**

If you choose to attend the Annual Meeting in person, you will be asked to present photo identification and proof that you own KeyCorp common shares before entering the meeting. If you want to vote shares that you hold in street name in person at the Annual Meeting, you must bring a legal proxy in your name from the broker, bank, or other nominee that holds your shares. **Even if you plan to attend the Annual Meeting, we encourage all shareholders to vote in advance of the meeting.**

S-4

**Table of Contents****Table of Contents**

<b><u>General Information about the Annual Meeting</u></b>	<b>1</b>
<u>Matters to Be Presented</u>	1
<u>How Votes Will Be Counted</u>	1
<u>Revoking a Proxy</u>	2
<u>Cost of Proxy Solicitation</u>	2
<u>Attending the Annual Meeting</u>	2
<b><u>PROPOSAL ONE: Election of Directors</u></b>	<b>3</b>
<u>Director Recruitment and Qualifications</u>	3
<u>Election Process</u>	4
<u>2014 Nominees for Director</u>	4
<b><u>The Board of Directors and Its Committees</u></b>	<b>11</b>
<u>Board Leadership Structure</u>	11
<u>Board and Committee Membership</u>	12
<u>Audit Committee</u>	13
<u>Compensation and Organization Committee</u>	14
<u>Nominating and Corporate Governance Committee</u>	14
<u>Risk Committee</u>	15
<u>Executive Committee</u>	15
<u>Board Oversight of Risk</u>	15
<u>Oversight of Compensation-Related Risks</u>	16
<u>Director Independence</u>	17
<u>Related Party Transactions</u>	18
<u>Director Education</u>	19
<u>Communication with the Board</u>	19
<b><u>Corporate Governance Documents</u></b>	<b>20</b>
<u>Corporate Governance Guidelines</u>	20
<u>Code of Ethics</u>	20
<u>Statement of Political Activity</u>	20
<b><u>Executive Officers</u></b>	<b>21</b>
<b><u>Ownership of KeyCorp Equity Securities</u></b>	<b>23</b>
<u>Executive Officer and Director Equity Ownership Guidelines</u>	25
<u>Hedging and Pledging of KeyCorp Securities</u>	25
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	25
<u>Equity Compensation Plan Information</u>	25
<b><u>Compensation Discussion and Analysis</u></b>	<b>27</b>
<u>Executive Summary</u>	27
<u>Elements of Pay</u>	34
<u>All Incentives Subject to Risk Adjustment</u>	40
<u>Other Elements of Compensation</u>	41

<u>How We Make Pay Decisions</u>	42
<u>Tax Deductibility Considerations</u>	44
<u>Definitions of Certain Financial Goals</u>	44
<b><u>Compensation and Organization Committee Report</u></b>	<b>45</b>

**Table of Contents**

***2014 Proxy Statement Table of Contents***

<b><u>Compensation of Executive Officers and Directors</u></b>	<b>46</b>
<u>2013 Summary Compensation Table</u>	46
<u>2013 Components of All Other Compensation</u>	48
<u>2013 Grants of Plan-Based Awards Table</u>	49
<u>2013 Outstanding Equity Awards at Fiscal Year-End Table</u>	51
<u>2013 Option Exercises and Stock Vested Table</u>	54
<u>2013 Pension Benefits Table</u>	55
<u>2013 Nonqualified Deferred Compensation Table</u>	56
<u>Potential Payments Upon Termination or Change of Control</u>	57
<u>2013 Post-Termination Tables</u>	58
<u>Directors' Compensation</u>	61
<u>2013 Director Compensation Table</u>	62
<b><u>Audit Matters</u></b>	<b>63</b>
<u>Ernst &amp; Young's Fees</u>	63
<u>Pre-Approval Policies and Procedures</u>	63
<u>Audit Committee Independence and Financial Experts</u>	63
<u>Communications with the Audit Committee</u>	63
<b><u>Audit Committee Report</u></b>	<b>64</b>
<b><u>PROPOSAL TWO: Ratification of Independent Auditor</u></b>	<b>65</b>
<b><u>PROPOSAL THREE: Advisory Approval of KeyCorp's Executive Compensation</u></b>	<b>66</b>
<b><u>PROPOSAL FOUR: Shareholder Proposal Seeking to Separate the Chairman and Chief Executive Officer Roles</u></b>	<b>67</b>
<u>Board of Directors Recommendation and Statement</u>	68
<b><u>Additional Information</u></b>	<b>70</b>
<u>Proxy Statement Proposals for the 2015 Annual Meeting of Shareholders</u>	70
<u>Other Proposals and Director Nominations for the 2015 Annual Meeting of Shareholders</u>	70
<u>Eliminating Duplicative Proxy Materials</u>	70
<b><u>Appendix</u></b>	
<u>Policy Statement on Independent Auditing Firm's Services and Related Fees</u>	Appendix A



**Table of Contents**

127 PUBLIC SQUARE

CLEVELAND, OHIO 44114

**Proxy Statement**

We are first mailing this proxy statement to our shareholders on or about April 10, 2014 in connection with our Board of Directors' solicitation of shareholder proxies to be voted at the 2014 Annual Meeting of Shareholders to be held on May 22, 2014 (the "Annual Meeting"), and at all postponements and adjournments thereof. All record holders of KeyCorp common shares at the close of business on Monday, March 24, 2014 are entitled to vote. On that date, there were 879,914,826 KeyCorp common shares outstanding.

KeyCorp employs the cost-effective and environmentally-conscious "notice and access" delivery method. This allows us to give our shareholders access to a full set of our proxy materials online. Beginning on or about April 10, 2014, we will send to most of our shareholders, by mail or e-mail, a notice explaining how to access our proxy materials and vote online. This notice is not a proxy card and cannot be used to vote your shares.

**General Information about the Annual Meeting**

**Matters to Be Presented**

KeyCorp's Board of Directors (sometimes referred to as the "Board of Directors" or the "Board") is not aware of any other matter to be presented at the Annual Meeting except those described in this proxy statement. If any other matter is properly brought before the Annual Meeting, the individuals you have authorized to vote your shares will vote on your behalf using their best judgment.

**How Votes Will Be Counted**

Each KeyCorp common share is entitled to one vote on each matter to be considered at the Annual Meeting.

To transact business at the Annual Meeting, a majority of KeyCorp's outstanding common shares must be present in person or by proxy. This is known as a quorum. If you return a valid proxy, your shares will be counted for determining if a quorum is present at the Annual Meeting.

You may vote "FOR" or "AGAINST," or choose to "ABSTAIN" from voting for, each nominee for the Board of Directors and for each of the other proposals. Generally, choosing to "ABSTAIN" from a vote is counted as a vote "AGAINST" a particular proposal. However, a vote to "ABSTAIN" from the election of any director (as in Proposal One of this proxy statement) will not be counted as a "FOR" or "AGAINST" vote. Even if you choose to "ABSTAIN" on any or every proposal, your shares will still be counted toward the quorum.

If you hold your shares through a broker, your broker's ability to vote your shares for you is governed by the rules of the New York Stock Exchange. Without your specific instruction, a broker or other nominee may only vote your shares on routine proposals. Your broker will submit a proxy card on your behalf but leave your shares unvoted on non-routine proposals—this is known as a "broker non-vote." Your broker will non-vote Proposals One, Three, and Four, which the New York Stock Exchange



## **Table of Contents**

### ***2014 Proxy Statement***

considers non-routine proposals. Non-votes will not be counted FOR or AGAINST these proposals. Even if your broker has non-voted certain matters, your shares will still be counted toward the quorum at the Annual Meeting. Proposal Two is a routine matter on which your broker will vote without your instruction.

To ensure your shares are voted at the meeting, you are urged to provide your proxy instructions promptly by telephone, online, or by mailing your signed proxy card in the enclosed envelope. KeyCorp common shares represented by properly executed proxy cards, online instructions, or telephone instructions will be voted as you direct. If you do not vote at all on an otherwise properly-executed proxy card or your properly submitted online instruction gives no voting direction whatsoever, the proxies will vote your shares FOR the election of the nominees named herein as directors (Proposal One), FOR the ratification of the appointment of Ernst & Young as our independent auditors for the fiscal year ending December 31, 2014 (Proposal Two), FOR advisory approval of KeyCorp's executive compensation (Proposal Three), and AGAINST the shareholder's proposal seeking to separate the Chairman and Chief Executive Officer roles (Proposal Four).

### **Revoking a Proxy**

If you have submitted your proxy and would like to revoke it, you may do so any time before your shares are voted at the Annual Meeting by: (i) filing a notice with the Secretary of KeyCorp revoking your proxy, (ii) filing a new, subsequently dated proxy (whether by proxy card, online, or telephone), or (iii) by attending the Annual Meeting and electing to vote your shares in person. Your presence at the Annual Meeting alone will not revoke your proxy.

### **Cost of Proxy Solicitation**

KeyCorp will pay for preparing, printing, and mailing these proxy materials. Officers and employees of KeyCorp and its subsidiaries may solicit the return of proxies, but will not receive additional compensation for those efforts. KeyCorp has engaged D.F. King to assist in the solicitation of proxies at an anticipated cost of \$13,500 plus expenses. KeyCorp will request that brokers, banks, custodians, nominees, and other fiduciaries send proxy materials to all beneficial owners and upon request will reimburse them for their expenses. Solicitations may be made by mail, telephone, or other means.

### **Attending the Annual Meeting**

#### **In Person**

If you attend the Annual Meeting in person, you will be asked to present photo identification (such as a state-issued driver's license) and proof that you own KeyCorp common shares before entering the meeting. If you are a holder of record, the top half of your proxy card or your Notice of Internet Availability is your admission ticket. If you hold shares in street name (through a bank or broker, for example), a recent brokerage statement or a letter from your broker or bank showing your holdings of KeyCorp common shares is proof of ownership. If you want to vote shares that you hold in street name in person at the Annual Meeting, you must bring a legal proxy in your name from the broker, bank, or other nominee that holds your shares.

#### **Online Access**

The Annual Meeting will be webcast on our website: [www.key.com/ir](http://www.key.com/ir). Please visit the website before the meeting starts to determine if you need additional software to view the webcast.

**Table of Contents**

**PROPOSAL ONE:**

**Election of Directors**

Our Board of Directors, elected by KeyCorp's shareholders, oversees the business and management of KeyCorp. Members of the Board monitor and evaluate KeyCorp's business performance through regular communication with the CEO and senior management, and by attending Board and Board committee meetings. The Board is committed to sound and effective corporate governance policies and high ethical standards. Effective at the Annual Meeting, the size of the Board of Directors will be fixed at 12 members. Under KeyCorp's Code of Regulations, directors are elected to one-year terms expiring at each subsequent Annual Meeting of Shareholders.

**Director Recruitment and Qualifications**

The Nominating and Corporate Governance Committee is responsible for identifying, evaluating, and recommending to the Board a slate of nominees for election at each Annual Meeting of Shareholders. All director nominees must have a record of high integrity and other requisite personal characteristics and must be willing to make the time commitment required of directors. The Nominating and Corporate Governance Committee uses the following criteria when evaluating candidates who may become nominees for director:

a demonstrated breadth and depth of management and/or leadership experience, preferably in a senior leadership role with a large or recognized organization (profit or nonprofit, private sector, governmental, or educational);

a high level of professional or business expertise relevant to KeyCorp (including in information technology, global commerce, marketing, finance, banking or financial industry, and risk management);

in the case of non-employee directors, satisfaction of the independence criteria set forth in KeyCorp's Standards for Determining Independence of Directors;

the candidate does not serve as a director of more than (i) two other public companies if he or she is a senior executive officer of a public company, or (ii) three other public companies if he or she is not a senior executive officer of a public company; and

the ability to think and act independently as well as the ability to work constructively in the overall Board process.

The criteria used in director recruitment are flexible guidelines to assist in evaluating and focusing the search for director candidates.

The Board also considers whether the candidate would enhance the diversity of the Board in terms of gender, race, experience, and/or geography. The current composition of the Board reflects the Nominating and Corporate Governance Committee's focus in this area and the importance of diversity to the Board as a whole, with five female directors, including the Chair of our Board, and one minority director.

In evaluating Board nominees who satisfy the above criteria, the committee also considers:

the skills and business experience currently needed for the Board;

the current and anticipated composition of the Board in light of the business activities and needs of KeyCorp and the diverse communities and geographies served by KeyCorp; and

the interplay of the candidate's expertise and professional/business background in relation to the expertise and professional/business background of current Board members, as well as such other factors (including diversity) as the committee deems appropriate.

---

**Table of Contents****2014 Proxy Statement Proposal One: Election of Directors**

The Chair of the Nominating and Corporate Governance Committee extends an invitation to join the Board as a first-time director or to stand for election as a first-time nominee for director after discussion with and approval by the committee as a whole. Upon the candidate's acceptance, the Nominating and Corporate Governance Committee recommends the candidate to the entire Board for final approval.

When identifying director candidates, the Nominating and Corporate Governance Committee retains an independent search firm. The Nominating and Corporate Governance Committee has the sole authority to retain and terminate any search firm used to identify director candidates, including sole authority to approve its fees and the other terms of its engagement. The committee is continually in the process of identifying potential director candidates and individual Board members are encouraged to submit any potential nominee to the Chair of the Nominating and Corporate Governance Committee. Shareholders may also recommend potential director nominees by providing appropriate prior written notice to the Chair of the Nominating and Corporate Governance Committee. Page 70 of this proxy statement includes important information for shareholders who would like to submit a potential nominee for consideration for the 2015 Annual Meeting of Shareholders.

**Election Process**

KeyCorp has adopted a majority voting standard in uncontested elections of directors and plurality voting in contested elections. In an uncontested election, a nominee must receive a greater number of votes FOR than AGAINST his or her election. If an uncontested nominee who is already a director receives more AGAINST votes than FOR votes, that director nominee will continue to serve as a holdover director, but must submit to the Board an offer to resign as a director. The Nominating and Corporate Governance Committee of the Board will consider the holdover director's resignation and will submit a recommendation to accept or reject the resignation to the Board. The Board (excluding the holdover director) will act on the committee's recommendation and publicly disclose its decision.

**2014 Nominees for Director**

Upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the individuals identified below for election as directors. Mr. Campbell will not be standing for reelection to the Board this year, but will continue to serve as a director until the Annual Meeting. The Board believes that the qualifications and experience of the 2014 director nominees will contribute to an effective and well-functioning Board. The Board and the Nominating and Corporate Governance Committee believe that, individually and as a whole, the directors possess the necessary qualifications to provide effective oversight of KeyCorp's business and quality advice and counsel to KeyCorp's management. Each nominee is currently a director of KeyCorp. If elected, each nominee will continue to serve as a director until KeyCorp's 2015 Annual Meeting of Shareholders, or until he or she resigns or is otherwise removed and his or her successor is duly elected and qualified. There is no reason to believe that any of these director nominees will be unable or unwilling to serve if elected. Should any nominee be unable to accept nomination or election, the proxies will be voted for the election of a substitute nominee recommended by the Board. Alternatively, the Board may recommend a shareholder vote holding the position vacant, to be filled by the Board at a later date.

**The Board of Directors unanimously recommends that shareholders vote FOR each of the director nominees identified on the following pages.**

**4**



**Table of Contents**

**Joseph A. Carrabba**

**Age:** 61

**Director Since:** 2009

**KeyCorp Committee(s):** Compensation and Organization (Chair)  
Nominating and Corporate Governance  
Executive

**Other Public Directorships:** Newmont Mining Company (since 2008)  
Cliffs Natural Resources Inc. (2006 - 2013)

**Biography:** From 2006 until his retirement in November 2013, Mr. Carrabba served as Chairman, President, and Chief Executive Officer of Cliffs Natural Resources Inc., a publicly-held international mining and natural resources company with 2013 revenues of \$5.7 billion and approximately 7,100 employees. Mr. Carrabba joined Cliffs in 2005 from Rio Tinto, a global mining company, where he served in a variety of leadership capacities worldwide. Mr. Carrabba is a member of the Board of Trustees of Capital University, and a member of the Board of Directors of the Frostburg State University Foundation.

**Select Qualifications and Experience**

Significant leadership experiences as the former Chairman, President, Chief Executive Officer and Chief Operating Officer of Cliffs Natural Resources Inc., as former President and Chief Operating Officer of Diavik Diamond Mines, Inc. and as former General Manager of Weipa Bauxite Operation of Comalco Aluminum.

Held primary responsibility for significant international operations of Cliffs Natural Resources Inc. and other companies in Asia, Canada, Australia, and Europe. Cliffs Natural Resources Inc. has significant business and operations in the United States, Canada, and the Asia Pacific region.

**Charles P. Cooley**

**Age:** 58

**Director Since:** 2011

**KeyCorp Committee(s):** Audit

**Other Public Directorships:** Executive  
Modine Manufacturing Company (since 2006)

Chair of Audit Committee

**Biography:** Mr. Cooley was the Chief Financial Officer of The Lubrizol Corporation, a manufacturer of specialty chemicals and technologies in the global transportation, industrial, and consumer markets, from 1998 until his retirement in 2011. Mr. Cooley had global responsibility for The Lubrizol Corporation's finance function, and its corporate development and strategic planning activities. Mr. Cooley serves in leadership roles in a number of civic and community organizations.

**Select Qualifications and Experience**

Former Chief Financial Officer of The Lubrizol Corporation, responsible for finance, accounting, and capital planning. Held finance positions of increasing responsibility at Atlantic Richfield Company over fifteen years, including treasury, capital markets, corporate development, external reporting, and operating segment financial management. Mr. Cooley qualifies as an audit committee financial expert as defined by the Securities and Exchange Commission.

As Chief Financial Officer of The Lubrizol Corporation, had significant responsibility for financial risk management of a global publicly-traded enterprise.

**Table of Contents**

***2014 Proxy Statement* Proposal One: Election of Directors**

**Alexander M. Cutler**

**Age:** 62

**Director Since:** 2000

**KeyCorp Committee(s):** Nominating and Corporate Governance (Chair)  
 Compensation and Organization  
 Executive

**Other Public Directorships:** Eaton (since 2000)  
 E.I. du Pont Nemours and Company (since 2008)

**Biography:** Mr. Cutler is KeyCorp’s Lead Director. Since 2000, he has been the Chairman and Chief Executive Officer of Eaton, a publicly-held, global diversified power management company with approximately 102,000 employees that sells products to customers in more than 175 countries. He is a member of the board of directors of the Greater Cleveland Partnership, United Way of Greater Cleveland, and the Musical Arts Association. He also chairs The Business Roundtable Corporate Governance Committee and is a member of The Business Council.

**Select Qualifications and Experience**

Experience across a wide range of senior management and executive roles with Eaton and certain of its predecessor companies. Significant corporate governance experience and public company board experience through his role as Chairman of Eaton, his service on the E.I. du Pont Nemours and Company board, and through his responsibilities with The Business Roundtable.

Extensive experience negotiating and completing acquisitions and divestitures and integrating acquired companies gained through leadership positions with Eaton, including most recently Eaton’s acquisition of Cooper Industries

plc.  
**H. James Dallas**

**Age:** 55

**Director Since:** 2005

**KeyCorp Committee(s):** Risk (Chair)  
Nominating and Corporate Governance

**Biography:** In 2013, Mr. Dallas retired as Senior Vice President of Quality and Operations at Medtronic, Inc., a global medical technology company that employs approximately 46,000 people and does business in more than 140 countries. Mr. Dallas, who joined Medtronic, Inc. in 2006, had previously served as Senior Vice President and Chief Information Officer at Medtronic, Inc. Mr. Dallas's responsibilities included executing cross-business initiatives to maximize the company's global operating leveraging. Mr. Dallas also served as a member of Medtronic Inc.'s executive management team.

**Select Qualifications and Experience**

Significant experience with information technology, information technology security and data privacy, including prior service as the Chief Information Officer of Medtronic and, prior to that, as Chief Information Officer of Georgia-Pacific Corporation.

As Chief Information Officer for major public corporations, had primarily responsibility for risks related to information technology and security. As Senior Vice President of Quality and Operations with Medtronic, Inc., held significant responsibility for operational risk management.

**Table of Contents****Elizabeth R. Gile****Age:** 58**Director Since:** 2010**KeyCorp Committee(s):** Risk

**Biography:** In 2005, Ms. Gile retired from Deutsche Bank AG where she was Managing Director and the Global Head of the Loan Exposure Management Group (2003 to 2005). From 2007 to 2009, Ms. Gile was Managing Director and Senior Strategic Advisor to BlueMountain Capital Management, a hedge fund management company. Ms. Gile has been a director of Deutsche Bank Trust Corporation and Deutsche Bank Trust Company Americas since 2005 and serves in leadership roles in a number of civic and community organizations. Ms. Gile is a member of the Board of Directors of KeyBank.

**Select Qualifications and Experience**

A distinguished career in the banking, finance, and capital markets industries with leading global financial institutions. Significant roles with J.P. Morgan, Deutsche Bank AG, and Toronto Dominion Securities, managing loan portfolios, capital markets, derivatives, and corporate lending transactions, and credit research.

As Global Head of Loan Exposure Management Group for Deutsche Bank AG, had global responsibility for managing the credit risk of loans and lending-related commitments.

**Ruth Ann M. Gillis****Age:** 59**Director Since:** 2009**KeyCorp Committee(s):** Audit (Chair)

Nominating and Corporate Governance

**Other Public Directorships:** Potlatch Corporation (2003 - 2013)

**Biography:**

Since 2008, Ms. Gillis has been an Executive Vice President and Chief Administrative Officer of the Exelon Corporation, a publicly-held electric utility company. Ms. Gillis serves as President of Exelon Business Services Company, a subsidiary of Exelon Corporation, which provides transactional and corporate services to the Exelon Corporation companies. She is a member of Exelon Corporation's executive committee, pension investment committee, and the corporate risk management committee as well as a member of the Exelon Foundation Board. Previously, she served as Chief Financial Officer of Exelon Corporation. Ms. Gillis is a member of the Board of Directors of KeyBank, a member of the Executive Committee of the Board of Trustees of the Lyric Opera of Chicago, and is the Chair of the Board of Trustees of The Goodman Theatre.

**Select Qualifications and Experience**

Served as Chief Financial Officer of Exelon Corporation and as Chief Financial Officer and Treasurer of Unicom Corporation. Ms. Gillis qualifies as an audit committee financial expert as defined by the Securities and Exchange Commission.

Significant experience with operational and financial risk management as Chief Administrative Officer and former Chief Financial Officer of Exelon Corporation. As a member of the Audit Committee and Chair of the Compensation Committee for Potlatch Corporation, oversaw compensation, financial, and operational risks for a public corporation.

**Table of Contents**

***2014 Proxy Statement* Proposal One: Election of Directors**

**William G. Gisel, Jr.**

<b>Age:</b>	61
<b>Director Since:</b>	2011
<b>KeyCorp Committee(s):</b>	Compensation and Organization
<b>Other Public Directorships:</b>	MOD-PAC CORP. (2002 -2013)  Moog Inc. (since 2012)

**Biography:** Mr. Gisel is the President and Chief Executive Officer of Rich Products Corporation, a global manufacturer and supplier of frozen foods with annual sales of approximately \$3 billion. Rich Products Corporation is a leading supplier to the food service industry and in-store bakery segment of the food industry internationally. Prior to becoming Chief Executive Officer in 2006, Mr. Gisel began his career at Rich Product Corporation as General Counsel and also spent four years at Philips, Lytle, LLC. Mr. Gisel is a member of the Board of Directors of the Grocery Manufacturers Association and holds leadership roles in a number of civic and community organizations.

**Select Qualifications and Experience**

In various capacities with Rich Products Corporation, led the company's expansion into foreign markets, including Asia, Africa, Europe, and Latin America. As President of Rich Products Corporation's Food Group and its Chief Operating Officer, managed the international expansion of Rich Products Corporation through acquisitions and organic growth.

As Chief Executive Officer of Rich Products Corporation, responsible for directing Rich Products Corporation's overall strategy and its worldwide business operations. Has held positions of increasing responsibility with Rich Products Corporation, including as Chief Operating Officer and President of the company's Food Group and Executive Vice President for International and Strategic Planning.

**Richard J. Hipple**

**Age:** 61

**Director Since:** 2012

**KeyCorp Committee(s):** Risk

**Other Public Directorships:** Materion Corporation (since 2006)  
Ferro Corporation (since 2007)  
Lead Director

**Biography:** Mr. Hipple is the Chairman of the Board, President, and Chief Executive Officer of Materion Corporation (formerly known as Brush Engineered Materials Inc.), a publicly-held manufacturer of highly engineered advanced materials and related services. Mr. Hipple has served as Chairman of the Board and Chief Executive Officer of Materion Corporation since 2006 and President since 2005. Prior to that, Mr. Hipple served in the steel industry for 26 years in a number of capacities, including project engineer, strategic planning, supply chain management, operations, sales and marketing, and executive management. Mr. Hipple is a trustee for the Manufacturers Alliance for Productivity and Innovation, Inc. and for the Cleveland Institute of Music, and a director of the Great Lakes Science Center and the Greater Cleveland Partnership.

**Select Qualifications and Experience**

Extensive exposure to global commerce as Chief Executive Officer of Materion Corporation, which serves customers in more than 50 countries and employs 2,500 people worldwide, and as lead director of Ferro Corporation, a leading developer in technologies for the ceramics, electronics, glass, and pigment markets with facilities in 26 countries and sales in over 100 countries.

Significant corporate governance and executive level management experience, including as Chairman, President, and Chief Executive Officer of Materion Corporation and as lead director of Ferro Corporation, both publicly-traded companies.



**Table of Contents****Kristen L. Manos**

**Age:** 54

**Director Since:** 2009

**KeyCorp Committee(s):** Audit  
Executive

**Other Public Directorships** Select Comfort Corporation (2007 - 2008)

**Biography:** Since February 2012, Ms. Manos has been President, Americas, of Wilsonart LLC, the leading producer of high pressure decorative laminate in North America. From 2004 to 2009, Ms. Manos served as Executive Vice President of Herman Miller, Inc., a global manufacturer and distributor of furnishings for a wide variety of professional and residential environments. Ms. Manos was President of Herman Miller North American Office Environments, where she directly participated in corporate risk evaluation, risk management and scenario planning for clients and their facilities. Ms. Manos serves on the Board and Finance Committee of International Relief and Development, a non-governmental organization that delivers approximately \$300-700 million in development assistance annually.

**Select Qualifications and Experience**

Currently serves as President, Americas, of Wilsonart LLC. In her prior role as Executive Vice President and President of Herman Miller North American Office Environments, was responsible for the direction and operation of a \$1.5 billion organization.

During her tenure with Herman Miller, Inc., held responsibility for marketing and development where she established a branding strategy and a vertical selling strategy in education and health care. As a partner at Sanderson Berry Co., a private investment advisory services firm, from 2009 to February 2012, was responsible for high-level business strategy and marketing consulting.

**Beth E. Mooney**

**Age:** 58

**Director Since:** 2010

**KeyCorp Committee(s):** Executive (Chair)

**Other Public Directorships:** AT&T (since 2013)

**Biography:** Ms. Mooney has been KeyCorp's Chairman and Chief Executive Officer since May 1, 2011. She was elected President and Chief Operating Officer on November 18, 2010 and served in that role until she became Chairman and Chief Executive Officer. Ms. Mooney joined KeyCorp in 2006 as Vice Chair and head of Key Community Bank. Prior to joining KeyCorp, Ms. Mooney served in a number of executive and senior finance roles with banks and bank holding companies including AmSouth Bancorp, Bank One Corporation, Citicorp Real Estate, Inc., Hall Financial Group and Republic Bank of Texas/First Republic. Ms. Mooney is a member of the Financial Services Roundtable and serves in leadership roles in a number of civic and community organizations.

**Select Qualifications and Experience**

Over 30 years of financial services experience in retail banking, commercial lending, and real estate financing with KeyCorp and other significant banking organizations across the United States.

As Chief Executive Officer and former Chief Operating Officer of KeyCorp, leads the operations of one of the largest financial service companies in the United States with nearly 15,000 employees. Provides critical insight on KeyCorp's business and operations to the Board of Directors.

**Table of Contents**

***2014 Proxy Statement* Proposal One: Election of Directors**

**Demos Parneros**

**Age:** 51

**Director Since:** 2014

**KeyCorp Committee(s):** Risk

**Biography:** Since January 2013, Mr. Parneros has been President, North American Stores and Online, for Staples, Inc., the world’s largest office products supply company and second largest internet retailer with 2013 revenues of approximately \$23.1 billion and approximately 83,000 employees worldwide. Previously, Mr. Parneros served as President, U.S. Stores, for Staples, Inc. He joined Staples, Inc. in October 1987, and has served in various capacities including Senior Vice President of Operations from March 1999 to March 2002 and Vice President of Operations from October 1996 to February 1999.

**Select Qualifications and Experience**

Holds executive responsibility for Staples Inc.’s largest business segment, North American Stores and Online, and for all aspects of Staples Inc.’s online and mobile retail operation. In this position, has responsibility for creating, communicating, and implementing company vision and direction, and providing leadership in negotiations with vendors and firms.

Extensive experience developing complementary and integrated online and brick and mortar retail strategies, integrating technology into traditional retail stores to enhance convenience and the customer experience, and leveraging mobile and online experiences to capture next-generation consumers.

**Barbara R. Snyder**

**Age:** 58

**Director Since:** 2010

**KeyCorp Committee(s):** Compensation and Organization  
Executive

**Biography:** Ms. Snyder has been the President of Case Western Reserve University, a private research university located in Cleveland, Ohio, since 2007. Prior to joining Case Western Reserve University, Ms. Snyder served as Executive Vice President and Provost of The Ohio State University ( OSU ). She served as a faculty member of OSU s Moritz College of Law from 1998 to 2007. From 2000 to 2007 she held the Joanne W. Murphy/Classes of 1965 and 1973 Professorship at OSU. Ms. Snyder holds leadership roles on the boards of several nonprofit organizations including BioEnterprise, which focuses on healthcare and biomedical business. She is the chair of the board of the Business-Higher Education Forum, an organization of senior business and higher education leaders dedicated to strengthening America s competitiveness by partnering on workforce solutions.

**Select Qualifications and Experience**

President of Case Western Reserve University, one of the nation s leading universities and a major private research institution with significant focus on science, engineering, and technology. Within her first two years in office, Case Western Reserve University eliminated a multi-million dollar deficit and developed the university s first strategic plan in over a decade.

Since 2007, Case Western Reserve University has increased admissions applications more than 150 percent and set all-time fundraising records in five of the past six years under Ms. Snyder s leadership.

**Table of Contents**

**The Board of Directors and Its Committees**

KeyCorp's Board of Directors was comprised of 11 independent directors and one member of management (Ms. Mooney) during 2013, following the retirement of Messrs. Stevens and Sanford at the 2013 Annual Meeting of Shareholders. Mr. Demos Parneros, also an independent director, was elected to the Board in January 2014 upon the recommendation of the Nominating and Corporate Governance Committee and with the unanimous vote of the Board.

**Board Leadership Structure**

Our Board is committed to independent Board leadership. In this regard, our Code of Regulations provides the Board with flexibility to separate or combine the roles of Chairman and Chief Executive Officer as it decides necessary from time to time and on a case-by-case basis. The Board believes it is in the best interest of KeyCorp and its shareholders to maintain this flexibility, rather than establishing a leadership structure through rigid policy. The Board evaluates its leadership structure annually, and periodically when KeyCorp's facts and circumstances change (such as when a new Chief Executive Officer is elected).

In 2011, the Board elected Beth Mooney as Chairman and Chief Executive Officer. As evidenced by our strong financial performance, KeyCorp has been well served by Ms. Mooney's combined role as Chairman and Chief Executive Officer. The Board believes that Ms. Mooney's combined leadership role has allowed her to set the overall tone and direction for KeyCorp, maintain consistency in the internal and external communication of our strategic and business priorities, and have primary responsibility for managing KeyCorp's operations. At the same time, the Board's ability to carry out its oversight responsibilities is enhanced through the guidance of our independent Lead Director and with the full involvement of each independent director. KeyCorp's independent directors have elected Alexander M. Cutler, who has served on the Board since 2000, as our independent Lead Director.

In the past several years, we have developed and currently maintain an active shareholder engagement program that facilitates communication and transparency with our shareholders. As part of its careful consideration of the vote on a shareholder proposal included in our 2012 proxy statement, the Board consulted directly with a number of KeyCorp's large institutional shareholders and received advice from outside advisors. As a result of these efforts, and in response to the shareholder vote, the Board enhanced the role of the Lead Director. Among his specific responsibilities, the Lead Director:

presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;

serves as liaison between the Chairman and the independent directors;

approves information sent to the Board;

approves meeting agendas for the Board;

approves meeting schedules to assure there is sufficient time for discussion of all agenda items;

has the authority to call meetings of the independent directors;

if requested by major shareholders, ensures that he is available for consultation and direct communication;

is in frequent contact with the Chairman with respect to major issues before KeyCorp and any significant actions contemplated by KeyCorp, which are discussed with the Lead Director at an early stage;

advises on the retention of independent consultants to the Board;

**11**

**Table of Contents**

***2014 Proxy Statement* The Board of Directors and Its Committees**

assists the Board and management in assuring compliance with applicable securities laws and fiduciary duties to shareholders;

oversees initiatives to implement improvements to KeyCorp's governance policies;

serves as a focal point for independent committee Chairs, providing guidance and coordination; and

together with the Chair of the Compensation Committee, facilitates the evaluation of the performance of KeyCorp's Chief Executive Officer.

In 2013, our Board implemented a Lead Director evaluation process through which the directors formally assess the effectiveness of the Lead Director and provide important feedback on the performance of the Lead Director's specified responsibilities. The evaluation process is led by a member of the Nominating and Corporate Governance Committee, with the Lead Director excused from participation.

Each standing committee of the Board is chaired by an independent director and consists solely of independent directors. Our independent directors have extensive corporate governance and leadership experience, and many have significant public company experience. Four of our directors are or have been chief executive officers with public companies. These experiences have directly benefitted our Chairman and Chief Executive Officer, while the strong Lead Director role and the independence of the other members of the Board have provided appropriate balance to the combined Chairman and Chief Executive Officer role.

Our many conversations between our directors and our shareholders regarding their views on Board leadership and independent oversight have confirmed our view that a strong, effective Lead Director, like Mr. Cutler, and a primarily independent Board provides the independent leadership necessary to compliment the combined Chairman and Chief Executive Officer role and, with the formal and informal mechanisms we have in place to facilitate the work of the Board and its committees, results in the Board effectiveness and efficiency that our shareholders expect.

**Board and Committee Membership**

KeyCorp's Board of Directors delegates various responsibilities and authority to its four standing committees: Audit, Compensation and Organization, Nominating and Corporate Governance, and Risk. The Board has also established an Executive Committee that serves the functions described on page 15 of this proxy statement. The committees regularly report on their activities and actions to the full Board. The Board, with the recommendation of the Nominating and Corporate Governance Committee, appoints the members of the committees, and has determined that each committee member is an independent director under New York Stock Exchange independence standards. The following table summarizes the membership of the Board and its committees as of the date of this proxy statement, and the number of times the Board and each committee met in 2013.

**Table of Contents**

Name	KeyCorp Board	Audit	Compensation and Organization	Nominating and Corporate Governance	Risk	Executive
<b>Edward P. Campbell (1)</b>	ü	ü		<b>Vice-Chair</b>		
<b>Joseph A. Carrabba</b>	ü		<b>Chair</b>	ü		ü
<b>Charles P. Cooley</b>	ü	ü				ü
<b>Alexander M. Cutler</b>	<b>Lead</b>		ü	<b>Chair</b>		ü
<b>H. James Dallas</b>	ü			ü	<b>Chair</b>	
<b>Elizabeth R. Gile</b>	ü				ü	
<b>Ruth Ann M. Gillis</b>	ü	<b>Chair</b>		ü		
<b>William G. Gisel, Jr.</b>	ü		ü			
<b>Richard J. Hipple</b>	ü				ü	
<b>Kristen L. Manos</b>	ü	ü				ü
<b>Beth E. Mooney</b>	<b>Chair</b>					<b>Chair</b>
<b>Demos Parneros</b>	ü				ü	
<b>Barbara R. Snyder</b>	ü		ü			ü
<b>Total 2013 Meetings</b>	<b>8</b>	<b>14</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>1</b>

- (1) Mr. Campbell will not be standing for reelection to the Board this year, but will continue to serve until the Annual Meeting as a KeyCorp director and member of the various committees on which he serves.

At every regularly-scheduled Board meeting, the independent members of the Board met in executive session (i.e., without Ms. Mooney or any other employee of KeyCorp present). The members of the Board attended, on average, approximately 98% of meetings held by the Board of Directors and the Board committees on which the directors served during 2013. No director attended less than 75% of such meetings. KeyCorp Board members are expected to attend the Annual Meeting of Shareholders, and all Board members did so for the 2013 Annual Meeting of Shareholders.

**Audit Committee**

The Audit Committee oversees the development of, and reviews, the financial information provided to KeyCorp's shareholders. The committee is directly responsible for the appointment, compensation, retention, and oversight of our



independent auditor, oversees the audit fees negotiations with our independent auditor, and has sole authority to approve audit fees. Annually, the Audit Committee considers the results of an evaluation of the qualifications, experience, candor, independence, objectivity and professional skepticism of the independent external auditor in determining whether to retain the firm for the next fiscal year. The evaluation is led by KeyCorp's Chief Risk Review Officer, who reports directly to the Audit Committee. In connection with the rotation of the audit firm's lead engagement partner as required by Securities and Exchange Commission rules, the Audit Committee and its chair are directly involved in the selection of the independent auditor's new lead engagement partner.

The Audit Committee also oversees and reviews certain KeyCorp risk functions, including internal audit, financial reporting, compliance, legal matters, and information security and fraud risk. The committee oversees any material examinations of KeyCorp and its affiliates conducted by federal, state or other authorities, and may supervise and direct any other special projects or investigations the committee deems necessary. Together with the Risk Committee, the Audit Committee oversees and reviews our allowance for loan and lease losses methodology. The Audit Committee also serves as audit committee for KeyCorp's subsidiary, KeyBank National Association. Further discussion of the Audit Committee can be found on page 63 of this proxy statement under the heading Audit Committee Independence and Financial Experts.

**Table of Contents**

***2014 Proxy Statement* The Board of Directors and Its Committees**

**Compensation and Organization Committee**

The Compensation and Organization Committee (the Compensation Committee) supports KeyCorp's efforts to attract, retain, develop, and reward talent so that we can achieve our business objectives. In this regard, the Compensation Committee is responsible for overseeing the compensation of our senior executives, certain of our compensation programs, and our talent management and organization development processes. This oversight allows the committee to evaluate the competitiveness of our compensation programs and assess the effectiveness of our succession planning, leadership development, and strategic hiring objectives. The Compensation Committee approves the performance goals and objectives, and the compensation, of the Chief Executive Officer and the other senior executives, and evaluates their performance relative to those goals and objectives. In approving compensation, the Compensation Committee takes into account, among other factors, the recommendation of the Chief Executive Officer and her direct reports as to the compensation of other senior executives. The Chief Executive Officer does not play any role in setting the level of her own compensation.

The Compensation Committee also establishes our overall compensation philosophy and oversees the implementation of this philosophy as it relates to our incentive compensation arrangements, including through approval of our incentive compensation policy. The committee is responsible for enforcing the compensation clawback policy. The Compensation Committee additionally appoints, directs, and oversees its advisors and performs the additional duties described in its Charter.

The Compensation Committee may delegate its authority to a subcommittee of its members. Further discussion of the Compensation Committee can be found beginning on page 27 of this proxy statement under the heading Compensation Discussion and Analysis.

**Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee recommends to the Board nominees to stand for election as directors. The committee oversees the annual board self-assessment process (including individual director self-assessments and the evaluation of the Lead Director), as well as KeyCorp's policies and practices on significant issues of corporate social responsibility. The committee also oversees corporate governance matters generally, oversees and reviews KeyCorp's directors' and officers' liability insurance program, and facilitates a meeting of all independent Board committee chairs to discuss the linkage between enterprise risk and compensation at KeyCorp.

The Nominating and Corporate Governance Committee annually reviews and recommends to the Board a director compensation program that may include equity-based incentive compensation plans. It uses market data to aid it in its annual review. No executive officer of KeyCorp has any role in determining the amount of director compensation, although the committee may seek assistance from our executive officers in designing equity compensation programs for directors.

## **Table of Contents**

### **Risk Committee**

The Risk Committee is responsible for assisting the Board with strategies, policies, procedures, and practices relating to the assessment and management of KeyCorp's enterprise-wide risks, including credit risk, market risk, liquidity risk, and other risks. The committee plays a crucial role in overseeing KeyCorp's capital adequacy and compliance with regulatory capital requirements. Annually, the committee reviews and approves capital plan submissions to KeyCorp's regulatory authorities, and recommends dividends and share repurchase authorizations to the Board consistent with approved capital plans. In addition, the Risk Committee may exercise such authority as the Board of Directors delegates in connection with the authorization, sale, and issuance by KeyCorp of debt and other equity securities. The committee also oversees and reviews KeyCorp's technology-related plans and major capital expenditures. Together with the Audit Committee, the Risk Committee oversees and reviews the allowance for loan and lease losses methodology.

### **Executive Committee**

The Executive Committee exercises the authority of the Board, to the extent permitted by law, on any matter requiring Board or committee action between Board or committee meetings.

### **Board Oversight of Risk**

Our Board leadership and committee structure supports the Board's risk oversight function. At each Board meeting, the Chair of each Board committee reports to the full Board on risk oversight issues. The Board of Directors has delegated primary oversight responsibility for risk, generally, to the Audit and Risk Committees, and primary oversight responsibility for compensation-related risks to the Compensation Committee. These committees receive, review, and evaluate management reports on risk. Generally, each Board committee oversees the following risks:

The Audit Committee oversees internal audit, financial reporting, compliance, and legal matters; the implementation, management, and evaluation of operational and compliance risk and controls; and information security and fraud risk.

The Risk Committee oversees KeyCorp's enterprise-wide risks, including credit risk, market risk, interest rate risk, and liquidity risk, including the actions taken to mitigate these risks, as well as reputational and strategic risks.

The Compensation Committee oversees risks related to KeyCorp's compensation policies and practices. The Audit and Risk Committees jointly oversee and review the allowance for loan and lease losses methodology.

KeyCorp has formed a senior level management committee, the Enterprise Risk Management Committee (ERM Committee), comprising Ms. Mooney and other senior officers at KeyCorp, including Mr. Hartmann, KeyCorp's Chief Risk Officer. The ERM Committee meets weekly and is central to seeing that the corporate risk profile is managed in a manner consistent with KeyCorp's risk appetite. The ERM Committee also is responsible for implementation of KeyCorp's Enterprise Risk Management Policy that encompasses KeyCorp's risk philosophy, policy framework, and governance structure for the management of risks across the entire company. The ERM Committee reports to the Risk Committee of the Board and minutes of the ERM Committee's meetings are provided to the Risk Committee for its

review. The Board of Directors approves the Enterprise Risk Management Policy and sets the overall level of risk KeyCorp is willing to accept and manage in pursuit of its strategic objectives.

**Table of Contents**

***2014 Proxy Statement* The Board of Directors and Its Committees**

**Oversight of Compensation-Related Risks**

KeyCorp's compensation program is designed to offer competitive pay for performance, aligned with KeyCorp's short- and long-term business strategies, approved risk appetite and defined risk tolerances, and shareholders' interests. Reviews of KeyCorp's compensation plans by the Compensation Committee and KeyCorp management did not identify any plan that was reasonably likely to have a material adverse impact on KeyCorp or that would incentivize excessive risk taking. The Compensation Committee also reviewed KeyCorp's compensation plans to monitor compliance with KeyCorp's risk management tolerances and safety and soundness requirements.

KeyCorp has a well-developed governance structure for its incentive compensation programs, including roles for the Board of Directors, senior management, lines of business and control functions. The Board oversees KeyCorp's incentive compensation programs, primarily through its Compensation Committee, with additional input and guidance from its Nominating and Corporate Governance, Risk, and Audit Committees. In addition to directly approving compensation decisions for senior executives, the Compensation Committee also approves KeyCorp's overall Incentive Compensation Program and Policy so that KeyCorp's incentive compensation practices remain in alignment with KeyCorp's risk management practices. KeyCorp's Incentive Compensation Program and Policy are intended to enhance KeyCorp's risk management practices by rewarding appropriate risk-based performance.

We maintain a detailed and effective strategy for implementing and executing incentive compensation arrangements that provide balanced risk-taking incentives. KeyCorp's incentive compensation arrangements are designed, monitored, administered, and tested by a multidisciplinary team drawn from various areas of KeyCorp, including Risk Management. This team is charged with seeing that our incentive compensation arrangements align with risk management practices and support the safety and soundness of the organization. From initial plan design to individual awards, KeyCorp's program incorporates sound compensation principles and risk-balancing at every stage of the incentive compensation process, including:

the identification of employees who have the ability to influence or control material risk;

the utilization of risk-balancing mechanisms across all incentive plans that take into account the primary risks associated with employee roles;

the deferral of incentive compensation to balance risk and align an employee's individual interests with KeyCorp's future success and safety and soundness;

the development of clawback procedures to recoup certain incentive compensation paid to employees in the event of certain risk-based events; and

the annual assessment of risk-balancing features, the degree to which selective plan design features affect risk-taking, the alignment of incentive metrics with business objectives, the overall competitiveness of the pay opportunity, the participation of control functions, and the effectiveness of monitoring and administration of the plans.

**Table of Contents****Director Independence**

The Board of Directors has determined that all members of the Board of Directors (i.e., Mss. Gile, Gillis, Manos, and Snyder, and Messrs. Campbell, Carrabba, Cooley, Cutler, Dallas, Gisel, Hipple, and Parneros), other than Ms. Mooney, are independent directors and independent for purposes of the committees on which they serve. This determination was made after reviewing the relationship of these individuals to KeyCorp in light of KeyCorp's categorical standards of independence and the independence standards set by the New York Stock Exchange.

To determine the independence of the members of the Board, the Board considered certain transactions, relationships, or arrangements described below between those directors, their immediate family members, or their affiliated entities, on the one hand, and KeyCorp or one or more of its subsidiaries, on the other hand. The Board determined that all of these transactions, relationships, or arrangements were made in the ordinary course of business, were made on terms comparable to those that could be obtained in arms-length dealings with an unrelated third party, complied with applicable banking laws, were immaterial, and did not impair any director's independence.

The chart below sets forth the transactions, relationships, and arrangements considered by the Board and determined to be immaterial:

Name	Personal and Family Relationships		Affiliated Entity Relationships			2013 Aggregate Magnitude (2)
	Consumer Banking Products	Credit Relationships (1)	Affiliated Entity	Relationship to Entity	Type of Transaction, Relationship or Arrangement	
Edward P. Campbell	ü					
Joseph A. Carrabba	ü	ü				
Charles P. Cooley	ü	ü				
Alexander M. Cutler	ü	ü	Eaton	Chairman and CEO	Revolving lines of credit	< 1%
William G. Gisel, Jr.	ü	ü				
Richard J. Hipple	ü	ü	Materion Corporation	President, Chairman, and CEO	Revolving and standby lines of credit	< 1%
Demos Parneros			Staples, Inc.	President, North American Stores and Online	Provider of office supplies to KeyCorp and its subsidiaries	< 1%
Barbara R. Snyder	ü		Case Western Reserve University	President	Charitable sponsorship of tenured professorship by The KeyBank	< \$120,000

Foundation  
Revolving and  
standby lines of  
credit; equipment  
lease < 1%

- (1) May include extensions of credit (including mortgages, home equity lines of credit, personal lines of credit, credit cards, or similar products) and other credit-related products.
- (2) The value of the transactions with affiliated entities and the outstanding principal balance of loans and other credit relationships with affiliated entities in this column did not in any of the last three fiscal years exceed 1% of the consolidated gross revenue of either KeyCorp, on the one hand, or the affiliated entity, on the other hand.



**Table of Contents**

***2014 Proxy Statement* The Board of Directors and Its Committees**

**Related Party Transactions**

Any transaction, relationship, or arrangement with KeyCorp or its subsidiaries in which a KeyCorp director, executive officer, or other related person has a direct or indirect material interest is subject to KeyCorp's Policy for Review of Transactions between KeyCorp and its Directors, Executive Officers, and Other Related Persons. The Nominating and Corporate Governance Committee is responsible for applying the policy and uses the following factors identified in the policy in making its determinations:

whether the transaction conforms to KeyCorp's Code of Ethics and Corporate Governance Guidelines and is in KeyCorp's best interests;

whether the terms of the transaction are comparable to terms that could be obtained in arms-length dealings with an unrelated third party;

whether the transaction must be disclosed under Item 404 of Regulation S-K under the Securities Exchange Act of 1934 (the Exchange Act); and

whether the transaction could call into question the independence of any of KeyCorp's non-employee directors.

The policy provides exceptions for certain transactions, including those available to all KeyCorp employees generally, those involving compensation or indemnification of executive officers or directors authorized by the Board of Directors or one of its committees, those involving the reimbursement of routine expenses, and those occurring in the ordinary course of business.

**Banking and Credit Transactions with KeyCorp Executive Officers and Directors**

From time to time during 2013, the directors identified in the table above, some of our executive officers, and some of their immediate family members and affiliated entities, were customers of or had transactions with KeyBank or other KeyCorp subsidiaries in the ordinary course of business. Additional transactions and banking relationships may continue in the future. All loans, loan commitments, and transactions involving other financial products and services with our directors and executive officers were made in the ordinary course of business on substantially the same terms, including interest rate and collateral terms, as those prevailing at the time for comparable transactions with unrelated third parties and did not present heightened risks of collectability or other unfavorable features to KeyCorp or its subsidiaries.

Loans and extensions of credit by KeyBank to our directors, executive officers, and their affiliated entities were made in compliance with Regulation O under federal banking law, and KeyBank's related policies and procedures. In addition to satisfying the standard set forth in the preceding paragraph, our Regulation O policies and procedures require that:

the amount of credit extended does not exceed individual and aggregate lending limits, depending upon the identity of the borrower and the nature of the loan; and

any extension of credit in excess of \$500,000 be approved by the Board of Directors of KeyBank.

**Table of Contents**

**Director Education**

Throughout the year, our directors participate in continuing education activities and receive educational materials on a wide variety of topics (including, for example, corporate governance, the financial services industry, executive compensation, risk management, finance and accounting). In 2013, the Board held a directors' education day in connection with the November meeting of the Board and its committees. From time to time, our directors may attend seminars and other educational sessions at KeyCorp's expense. These educational opportunities provide our directors with timely updates on best practices among our peers and in the general marketplace and further supplement our directors' significant business and leadership experiences.

**Communication with the Board**

Shareholders may submit comments about KeyCorp to the directors in writing at KeyCorp's headquarters at 127 Public Square, Cleveland, Ohio 44114. Correspondence should be addressed to Lead Director, KeyCorp Board of Directors, care of the Secretary of KeyCorp and marked Confidential.

## **Table of Contents**

### **Corporate Governance Documents**

The KeyCorp Board of Directors' Committee Charters, KeyCorp's Corporate Governance Guidelines, KeyCorp's Code of Ethics, KeyCorp's Standards for Determining Independence of Directors, KeyCorp's Policy for Review of Transactions between KeyCorp and its Directors, Executive Officers, and Other Related Persons, KeyCorp's Limitation on Luxury Expenditures Policy, and KeyCorp's Statement of Political Activity for 2013 are all posted on KeyCorp's website: [www.key.com/ir](http://www.key.com/ir). Copies of these documents will be delivered, free of charge, to any shareholder who contacts KeyCorp's Investor Relations Department at (216) 689-4221.

### **Corporate Governance Guidelines**

The Board of Directors has adopted written Corporate Governance Guidelines that detail the Board's corporate governance duties and responsibilities, many of which are described herein. The Corporate Governance Guidelines take into consideration, and are reviewed annually and updated periodically to reflect, best practices in corporate governance and applicable laws and regulations. The Guidelines address a number of matters applicable to directors (such as director qualification standards and independence requirements, share ownership guidelines, and succession planning and management) and management (such as stock ownership guidelines for management, KeyCorp's compensation philosophy, and procedures for the annual evaluation of our Chief Executive Officer).

### **Code of Ethics**

We are committed to the highest standards of ethical integrity. Accordingly, the Board of Directors has adopted a Code of Ethics for all of KeyCorp's (and its subsidiaries') employees, officers, and directors, which was last amended in July 2013. We will promptly disclose any waiver or amendment to our Code of Ethics for our executive officers or directors on our website. Our Code of Ethics ensures that each employee, officer, and director understands the basic principles that govern our corporate conduct and our core values of Teamwork, Respect, Accountability, Integrity, and Leadership.

### **Statement of Political Activity**

An important part of our commitment to our community includes active participation in the political and public policy process that impacts the lives of our customers, shareholders, and business. As a large financial institution, our business is highly regulated at the federal, state, and local levels. We believe it is critically important to take a constructive role in the political process that will shape the future of business, our industry, and our community.

The Nominating and Corporate Governance Committee of KeyCorp's Board of Directors meets annually with a member of KeyCorp's Government Relations team to review KeyCorp's policies and practices regarding political contributions. Policies and practices reviewed by the Nominating and Corporate Governance Committee include KeyCorp's policies regarding doing business with public entities, the Government Relations pre-approval process for ballot issue support and the KeyCorp Advocates Fund (political action committee) annual report.

A statement of our political activities, including our annual political contributions, is made available to our shareholders on our website: [www.key.com/ir](http://www.key.com/ir).

**Table of Contents**

**Executive Officers**

Our executive officers are principally responsible for making policy for KeyCorp, subject to the supervision and direction of the Board of Directors. All executive officers are subject to annual election at the annual organizational meeting of the directors each May.

Set forth below are the names and ages of the executive officers of KeyCorp (except for Ms. Mooney, whose information is provided in Proposal One, above) as of December 31, 2013, the positions held by them at KeyCorp during the past five years, and the year they first became executive officers of KeyCorp. Because Messrs. Buffie, Hartmann, Kimble, and Khayat and Ms. Brady have been employed at KeyCorp for less than five years, information is being provided concerning their prior business experience. There are no family relationships among the directors or the executive officers.

**Amy G. Brady (47)**

Ms. Brady is KeyCorp's Chief Information Officer, serving in that role since May 2012. Prior to joining KeyCorp, Ms. Brady spent 25 years with Bank of America (a financial services institution), where she most recently served as Senior Vice President and Chief Information Officer, Enterprise Technology and Operations, supporting technology delivery and operations for crucial enterprise functions. Ms. Brady has been an executive officer of KeyCorp since she joined in 2012.

**Craig A. Buffie (53)**

Mr. Buffie has been KeyCorp's Chief Human Resources Officer since February 2013. Prior to joining KeyCorp, Mr. Buffie was employed for 27 years with Bank of America, where he served in numerous human resources positions, including as a human resources executive for technology and operations for consumer and small business, as well as for its corporate and investment bank. Most recently, he was Head of Home Loan Originations for Bank of America. Mr. Buffie has been an executive officer of KeyCorp since joining in 2013.

**Trina M. Evans (49)**

Ms. Evans has been the Director of Corporate Center for KeyCorp since August 2012. Prior to this role, Ms. Evans was the Chief Administrative Officer for Key Community Bank and the Director of Client Experience for KeyBank. During her career with KeyCorp, she has served in a variety of senior management roles associated with the call center, internet banking, retail banking, distribution management and information technology. She became an executive officer of KeyCorp in March 2013.

**Robert A. DeAngelis (52)**

Mr. DeAngelis has been the Director of the Enterprise Program Management Office for KeyCorp since November 2011, providing leadership for KeyCorp's large-scale, organization-wide initiatives. He previously served as the Consumer Segment executive with responsibility for developing client strategies and programs for Key's Community Bank Consumer and Small Business segments. He became an executive officer of KeyCorp in March 2013.

**Christopher M. Gorman (53)**

Mr. Gorman has been the President of Key Corporate Bank since 2010. He previously served as a KeyCorp Senior Executive Vice President and head of Key National Banking during 2010. Mr. Gorman was an Executive Vice

President of KeyCorp (2002 to 2010) and served as President of KeyBanc Capital Markets (2003 to 2010). He became an executive officer of KeyCorp in 2010.

**Table of Contents**

**2014 Proxy Statement Executive Officers**

**Paul N. Harris (55)**

Mr. Harris has been the General Counsel and Secretary of KeyCorp since 2003 and an executive officer of KeyCorp since 2004.

**William L. Hartmann (60)**

Mr. Hartmann has been the Chief Risk Officer of KeyCorp since July 2012. Mr. Hartmann joined KeyCorp in 2010 as its Chief Credit Officer. Prior to joining KeyCorp, Mr. Hartmann spent 29 years at Citigroup (a multinational financial services institution) where his most recent position was global head of Large Corporate Risk Management. While at Citigroup, he held numerous roles with increasing responsibility, including Chief Risk Officer, Asia Pacific, head of Global Portfolio Management, co-head of Leveraged Finance Capital Markets and global head of Loan Sales and Trading. Mr. Hartmann has been an executive officer of KeyCorp since 2012.

**Donald R. Kimble (54)**

Mr. Kimble has been the Chief Financial Officer of KeyCorp since June 2013. Prior to joining KeyCorp, Mr. Kimble served as Chief Financial Officer of Huntington Bancshares Inc., a bank holding company headquartered in Columbus, Ohio, after joining the company in August 2004, and also served as its Controller from August 2004 to November 2009. Mr. Kimble was also President and a director of Huntington Preferred Capital, Inc., a publicly-traded company, from August 2004 until May 2013. Mr. Kimble became an executive officer upon joining KeyCorp in June 2013.

**Clark H. I. Khayat (42)**

Mr. Khayat has been the Director of Corporate Development for KeyCorp since July 2012. In that role, Mr. Khayat has responsibility for all areas of KeyCorp's strategy, corporate development, and performance management. Prior to joining KeyCorp, Mr. Khayat served as the Senior Controller of Personal Lines for Progressive Corporation (an insurance company). He also previously served as a business leader for corporate development, capital management and investor relations for Progressive. Prior to 2010, Mr. Khayat was the co-founder and a Partner of Maracap Partners, LLC, a consulting and investing firm. Mr. Khayat became an executive officer of KeyCorp in March 2013.

**William R. Koehler (49)**

Mr. Koehler has been the President of Key Community Bank since 2010. Mr. Koehler previously served as Great Lakes Regional President (during 2010); as leader of KeyCorp's Keyvolution initiative (2008 to 2010); as Michigan District President (2007 to 2008); and prior to that, as Managing Director and Segment Leader of the Financial Sponsors Group and Regional Banking within KeyBanc Capital Markets. Mr. Koehler became an executive officer of KeyCorp in 2010.

**Robert L. Morris (61)**

Mr. Morris has been the Chief Accounting Officer and an executive officer of KeyCorp since 2006.





**Table of Contents****Ownership of KeyCorp Equity Securities**

The following table reports the number of KeyCorp equity securities that were beneficially owned by the directors of KeyCorp, the Named Executive Officers, and all directors and all executive officers of KeyCorp as a group, and each person reported to us to beneficially own more than 5% of our common shares. Beneficially-owned KeyCorp equity securities include directly or indirectly owned KeyCorp common shares and any KeyCorp common shares that could be acquired within 60 days of the record date through the exercise of an option or through the vesting or distribution of deferred shares. The column **Other Deferred Shares Owned** reports the number of deferred shares owned that will not vest or be distributed within 60 days of the record date.

This information is provided as of the record date, March 24, 2014, except when otherwise indicated.

Name				Total		Other Deferred Shares Owned (2)(3)(4)	Combined Beneficial Ownership and Other Deferred Shares Owned
	Common Shares	Options (1)	Deferred Shares (2)(3)(4)	Total Beneficial Ownership (5)	Outstanding Common Shares		
Edward P. Campbell	14,894		12,329	27,223		108,271	135,494
Joseph A. Carrabba	8,362		12,329	20,691			20,691
Charles P. Cooley	3,000		7,959	10,959		13,147	24,106
Alexander M. Cutler	20,000		12,329	32,329		84,395	116,724
H. James Dallas	27,423		12,329	39,752		27,372	67,124
Elizabeth R. Gile	5,662		12,329	17,991			17,991
Ruth Ann M. Gillis	3,500		12,329	15,829		18,669	34,498
William G. Gisel, Jr.	3,400		7,959	11,359			11,359
Christopher M. Gorman	306,033	503,602		809,635		269,601	1,079,236
William L. Hartmann	65,359	170,649	4,369	240,377		129,904	370,281
Richard J. Hipple	3,038		7,959	10,997			10,997
Donald R. Kimble	17,000			17,000		281,416	298,416
William R. Koehler	84,020	253,349		337,369		149,496	486,865
Kristen L. Manos	35,795		12,329	48,124		33,657	81,781
Beth E. Mooney	408,906	1,230,636		1,639,542		478,578	2,118,120
<b>Demos Parneros (6)</b>							
Barbara R. Snyder	6,362		12,329	18,691		9,604	28,295
<b>All directors and executive officers as a group (24 persons)</b>	1,326,153	2,956,523	126,878	4,409,554		2,131,925	6,541,479

<b>The Vanguard Group (7)</b>	<b>62,037,781</b>	<b>6.91%</b>	
<b>State Street Corporation (8)</b>	<b>47,525,037</b>	<b>5.30%</b>	
<b>BlackRock, Inc. (9)</b>	<b>46,874,539</b>	<b>5.20%</b>	

- (1) This column includes options (including in-the-money and out-of-the-money options) to acquire KeyCorp common shares exercisable on or within 60 days of March 24, 2014.
- (2) Deferred shares issued under the prior KeyCorp Directors' Deferred Share Plan or the current Directors' Deferred Share Sub-Plan to the KeyCorp 2013 Equity Compensation Plan (the Directors' Deferred Share Sub-Plan) are payable three years from their award date, one-half in cash and one-half in common shares, or immediately if a director separates from the Board for any reason prior to the third anniversary of the award. A director may elect to defer the payment of all or some of his or her deferred shares beyond the third anniversary of the award date (Further Deferred Shares). In that case, the Further Deferred Shares will be distributed entirely in common shares on (and only on) the deferral date selected by the director. Deferred shares payable in common shares

---

**Table of Contents****2014 Proxy Statement Ownership of KeyCorp Equity Securities**

(other than Further Deferred Shares) are included in the column **Deferred Shares** because they may be distributed to the director as common shares immediately upon separation from the Board. Further Deferred Shares, and directors' fees that have been deferred under the Directors' Deferred Share Sub-Plan or, previously, the KeyCorp Second Directors' Deferred Compensation Plan, are included in the column **Other Deferred Shares Owned** because they are only payable on the deferral date selected by the director, which is not on or within 60 days of March 24, 2014 for any director. Deferred shares payable in cash are not reflected in this table. For more information, please see **Directors' Compensation** on page 61 of this proxy statement.

- (3) The column **Deferred Shares** includes deferred shares, performance units, and restricted stock units held by executive officers that will be payable in KeyCorp common shares on or within 60 days of March 24, 2014. Deferred shares, performance units, and restricted stock units payable in common shares to executive officers, but not on or within 60 days of March 24, 2014, are reported in the column **Other Deferred Shares Owned**. Performance units are subject to vesting based on the achievement of certain performance goals, as discussed in the Compensation Discussion and Analysis beginning on page 27 of this proxy statement. The number of performance units set forth in these columns reflects the target amount of performance units determined for each executive officer on the grant date. The number of performance units that ultimately vest for each executive officer may be higher or lower depending upon actual performance relative to performance goals at the end of the performance period.
- (4) Deferred shares, performance units, and restricted stock units payable in common shares do not have common share voting rights or investment power until the shares or units have vested or been distributed as common shares in accordance with the plan or agreement under which they were granted or awarded.
- (5) No director or executive officer beneficially owns (and collectively all 24 directors and executive officers do not beneficially own) common shares, and options, deferred shares, performance units, and restricted stock units payable in common shares on or within 60 days of March 24, 2014, totaling more than 1% of the outstanding common shares of KeyCorp. The percentages set forth in this column for the holders of more than 5% of our common shares appear as reported by each such holder.
- (6) Mr. Parneros was elected to the KeyCorp Board of Directors on January 16, 2014.
- (7) Based solely upon information contained in the Schedule 13G filed by The Vanguard Group, Inc. (Vanguard) with the Securities and Exchange Commission on February 12, 2014. Vanguard reported that it owned beneficially 62,037,781 common shares, held sole voting power over 1,474,799 common shares, held sole power to dispose or to direct the disposition of 60,665,279 common shares,

and held shared power to dispose or to direct the disposition of 1,372,502 common shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 1,149,907 common shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 547,487 common shares as a result of its serving as investment manager of Australian investment offerings. The reported address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

- (8) Based solely upon information contained in the Schedule 13G filed by State Street Corporation ( State Street ), for itself and on behalf of various subsidiaries identified therein, with the Securities and Exchange Commission on February 3, 2014. State Street reported that it owned beneficially, and had shared voting power and shared power to dispose or to direct the disposition of, 47,525,037 common shares. Each of the following entities has been identified by State Street as a direct or indirect subsidiary that beneficially owns KeyCorp common shares: State Street Global Advisors France S.A.; State Street Bank and Trust Company; SSGA Funds Management, Inc.; State Street Global Advisors Limited; State Street Global Advisors Ltd.; State Street Global Advisors, Australia Limited; State Street Global Advisors Japan Co., Ltd.; and State Street Global Advisors, Asia Limited. The reported address of State Street and its subsidiaries is State Street Financial Center, One Lincoln Street, Boston, MA 02111.
- (9) Based solely upon information contained in the Schedule 13G filed by BlackRock, Inc. ( BlackRock ), for itself and on behalf of various subsidiaries identified therein, with the Securities and Exchange Commission on January 29, 2014. BlackRock reported that it owned beneficially and held sole power to dispose or to direct the disposition of 46,874,539 common shares, and held sole power to vote or direct the voting power over 38,623,976 common shares. The reported address of BlackRock is 40 East 52nd Street, New York, NY 10022.

## **Table of Contents**

### **Executive Officer and Director Equity Ownership Guidelines**

KeyCorp's Corporate Governance Guidelines state that, by the fifth anniversary of his or her election to the Board or as an officer of KeyCorp: (i) each non-employee director should own KeyCorp equity securities with a value at least equal to five times KeyCorp's non-employee director annual retainer, including at least 1,000 directly-owned KeyCorp common shares; (ii) the Chief Executive Officer should own KeyCorp equity securities with a value at least equal to six times her base salary, including at least 10,000 directly-owned KeyCorp common shares; and (iii) the executive officers should own KeyCorp equity securities with a value at least equal to three times his or her base salary, including at least 5,000 directly-owned KeyCorp common shares.

### **Hedging and Pledging of KeyCorp Securities**

Our insider trading policy restricts our employees, officers and directors from engaging in hedging transactions involving KeyCorp securities and restricts our officers and directors who are subject to reporting requirements under Section 16 of the Exchange Act from pledging our securities. During 2013, no director or executive officer hedged against, or pledged as collateral, any KeyCorp securities.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

KeyCorp's directors and executive officers are required to report their ownership and certain changes in ownership of KeyCorp securities to the Securities and Exchange Commission. The Securities and Exchange Commission has established certain due dates and requirements for these reports. KeyCorp knows of no director or executive officer who failed to timely file any report required to be filed during 2013.

### **Equity Compensation Plan Information**

KeyCorp is authorized to issue its common shares under the KeyCorp 2013 Equity Compensation Plan (the "Equity Plan") and the KeyCorp Amended and Restated Discounted Stock Purchase Plan (the "DSP Plan"). KeyCorp is no longer authorized to issue its common shares under, but still has awards outstanding under: (i) the KeyCorp 2010 Equity Compensation Plan (the "2010 Plan"); (ii) the KeyCorp Deferred Equity Allocation Plan; (iii) the KeyCorp Directors Deferred Share Plan; (iv) the KeyCorp 2004 Equity Compensation Plan (the "2004 Plan"); and (v) the KeyCorp Amended and Restated 1991 Equity Compensation Plan (amended as of March 13, 2003) (the "1991 Plan").

Shareholders approved the Equity Plan at the 2013 Annual Meeting of Shareholders. At December 31, 2013, 89,016,390 common shares remained available for future issuance under the Equity Plan. Shareholders approved the DSP Plan in 2003. At December 31, 2013, 2,878,578 common shares remained available for future issuance under the DSP Plan.

**Table of Contents****2014 Proxy Statement Ownership of KeyCorp Equity Securities**

The following table provides information about KeyCorp's equity compensation plans as of December 31, 2013:

<b>Plan Category</b>	<b>(a) Securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>(b) Weighted- average exercise price of outstanding options, warrants and rights</b>	<b>(c) Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(#)</b>	<b>(\$)</b>	<b>(#)(2)</b>
<b>Equity compensation plans approved by security holders (1)</b>	25,701,489	19.83	89,016,390
<b>Equity compensation plans not approved by security holders (3)</b>			
<b>Total</b>	<b>25,701,489</b>	<b>19.83</b>	<b>89,016,390</b>

- (1) The table does not include 10,767,956 unvested shares of time-lapsed and performance-based restricted stock awarded under the 2010 Plan, the 2004 Plan and the 1991 Plan. These unvested restricted shares were issued when awarded and consequently are included in KeyCorp's common shares outstanding.
- (2) The Compensation Committee of the Board of Directors of KeyCorp has determined that KeyCorp may not grant options to purchase KeyCorp common shares, shares of restricted stock, or other share grants under its long-term compensation plans in an amount that exceeds six percent of KeyCorp's outstanding common shares in any rolling three-year period.
- (3) The table does not include outstanding options to purchase 4,453 common shares assumed in connection with a historical acquisition. At December 31, 2013, these assumed options had a weighted-average exercise price of \$25.54 per share. No additional options may be granted under the plan that governs these options.

More information about these awards can be found in Note 15 ( Stock-Based Compensation ) to the Consolidated Financial Statements beginning on page 186 of our Annual Report on Form 10-K for the year ended December 31, 2013 (the 2013 Annual Report ), which was filed with the Securities and Exchange Commission on February 26, 2014.



**Table of Contents****Compensation Discussion and Analysis**

The following Compensation Discussion and Analysis describes how we compensate our executives, including the following individuals, listed with their titles as of December 31, 2013 and the year in which they were hired or promoted into their current position:

<b>Name</b>	<b>Title</b>	<b>Year Hired/Promoted</b>
<b>Beth E. Mooney</b>	Chairman and Chief Executive Officer	2011
<b>Donald R. Kimble</b>	Chief Financial Officer	2013
<b>Christopher M. Gorman</b>	President, Key Corporate Bank	2010
<b>William R. Koehler</b>	President, Key Community Bank	2010
<b>William L. Hartmann</b>	Chief Risk Officer	2012

Except where otherwise noted, the following discussion also includes the compensation decisions and awards for Jeffrey B. Weeden, who previously served as our Chief Financial Officer and retired effective June 30, 2013. When used in this discussion, the term *Named Executive Officers* refers to the executive officers listed above and Mr. Weeden. Please also refer to the section *Definitions of Certain Financial Goals* on page 44 for the definitions of certain capitalized or abbreviated financial goals and metrics used in this discussion.

**Executive Summary****Highlights of 2013 Performance**

In 2013, KeyCorp was focused *forward* by executing our strategy, growing relationships, investing in our businesses, improving efficiency, and returning peer-leading capital to our shareholders. In 2013, we committed to the following goals and achieved the following results:

<b>Commitment</b>	<b>Results</b>
<b>Optimizing and Growing Revenue</b>	Increased net income from continuing operations attributable to Key common shareholders to \$847 million for 2013 from \$813 million for 2012.
	Acquired and expanded relationships in targeted client segments.
	Increased average loans 5% in 2013, driven by a 12% increase in commercial, financial, and agricultural loans.



Invested for growth by acquiring commercial mortgage servicing business, and developing capabilities in payments and credit cards, resulting in a doubling of mortgage servicing fees and a 20% increase in cards and payment income.

Improved credit quality, reflected by a 54% decrease in net loan charge-offs to average loans to 0.32% for the year ended December 31, 2013.

Implemented \$241 million in annualized savings, surpassing the target to achieve annualized savings of \$200 million by year-end 2013.

**Improving Efficiency** Optimized staffing, decreasing full-time equivalent employees by 5% from 2012.

Consolidated 62 branches in 2013, with total consolidations since the launch of our efficiency initiative representing approximately 8% of our franchise.

**Effectively** Returned 76% of net income to shareholders in 2013, which we believe places us among the top companies in our Peer Group.

**Managing**

**Capital**

Repurchased \$474 million of common shares in 2013.

---

**Table of Contents*****2014 Proxy Statement Compensation Discussion and Analysis*****Pay of our Chairman and Chief Executive Officer**

Under the leadership of Ms. Mooney, who became Chairman and Chief Executive Officer in 2011, KeyCorp has executed against its strategic priorities and delivered significant value to shareholders. This execution has been reflected in the 59% increase in our share price during calendar year 2013 and in our Peer Group leading total shareholder return of 62% over the same period.

After considering our financial performance and Ms. Mooney's strong and effective leadership, the Compensation Committee approved an annual incentive for 2013 performance of \$2,300,000, representing 115% of her target annual incentive, and awarded her long-term incentives in the amount of \$4,000,000, representing 100% of her target long-term incentive. When determining Ms. Mooney's annual incentive payment, the Compensation Committee gave considerable weight to the significant shareholder value created during 2013, as reflected in KeyCorp's total shareholder return and share price appreciation. In addition, the Compensation Committee considered Ms. Mooney's success in transforming her leadership team, KeyCorp's meeting or exceeding its financial goals, and KeyCorp's over-achievement of efficiency initiative run-rate savings.

The Compensation Committee elected to leave Ms. Mooney's 2014 target total direct compensation unchanged from 2013 after considering the reported compensation paid by our Peer Group to their chief executive officers and her relative position within this group. Ms. Mooney's 2014 target direct compensation of \$7,000,000 consists of \$1,000,000 in base salary, \$2,000,000 in annual incentive opportunity, and \$4,000,000 in long-term incentive opportunity.

**Adjusted SCT Compensation vs. Realized Pay**

The amount of pay presented for our Chairman and Chief Executive Officer in the Summary Compensation Table reflects the grant date fair value of long-term incentive awards for accounting purposes. Based on the performance of our share price and the achievement of our long-term financial and strategic goals, the amount of pay that may actually be realized from these awards may differ significantly from their accounting value. As a result, we believe it is useful to compare the Realized Pay of our Chairman and Chief Executive Officer between 2011 and 2013 with her Adjusted SCT Compensation (as we did in our 2013 proxy statement).

For this purpose, we define:

Adjusted SCT Compensation as the compensation reported in the Summary Compensation Table for the applicable year, adjusted by excluding Changes in Pension Value and Nonqualified Deferred Compensation Earnings and All Other Compensation. We excluded these items because they represent amounts that either will never become realized pay or which will not become realized pay until termination of employment or later.

Realized Pay as the sum of (i) actual base salary and incentive paid for the applicable year plus (ii) the amount reported as income upon vesting of restricted stock or units or exercise of stock options. Additional

information about Ms. Mooney's Realized Pay is provided below.

**Table of Contents**

The following chart compares the Adjusted SCT Compensation and Realized Pay of our Chairman and Chief Executive Officer. Over the first three years of Ms. Mooney's tenure, her realized pay has lagged behind her Adjusted SCT Compensation due to the emphasis on long-term compensation that will, in most cases, take three years or more to be realized.

Ms. Mooney's Realized Pay between 2011 and 2013 consisted of:

	2011	2012	2013
	(\$)	(\$)	(\$)
<b>Base salary received</b>	1,265,339	923,077	986,538
<b>Annual incentive payments</b>	958,800	2,035,000	2,300,000
<b>Restricted stock vesting</b>	195,997	601,788	1,083,024
<b>Restricted stock unit vesting</b>	742,611		81,933
<b>Total</b>	<b>3,162,747</b>	<b>3,559,865</b>	<b>4,451,495</b>

\* Ms. Mooney did not exercise any stock options in 2011, 2012, or 2013.

The preceding chart and table are not substitutes for the information required to be contained in the Summary Compensation Table, but additional information with regard to our Chairman and Chief Executive Officer's pay.

**Table of Contents**

***2014 Proxy Statement Compensation Discussion and Analysis***

**Alignment of CEO Pay and Performance**

We design our compensation program so that a significant portion of the pay of our Chairman and Chief Executive Officer is delivered in the form of long-term incentives. As a result, the amount of her Realizable Pay is tied to our share price performance.

For this purpose, we define Realizable Pay as the sum of: (i) actual base salary and incentive paid for the applicable year; (ii) the value of all restricted stock units granted during the applicable period based on the December 31, 2013 closing price of our common shares; (iii) the intrinsic value (i.e., the excess, if any, of the December 31, 2013 closing price of our common shares over the option exercise price) of all stock options granted during the applicable period; and (iv) the target value of all performance awards granted during the applicable period based on the December 31, 2013 closing price of our common shares.

To illustrate the alignment of the pay of our Chairman and Chief Executive Officer with our share price performance during her tenure, we believe it is also useful to compare her Adjusted SCT Compensation and her Realizable Pay between 2011 and 2013 against our TSR for the same period. Ms. Mooney's Realizable Pay from her first three years as Chairman and Chief Executive Officer is tracking ahead of her Adjusted SCT Compensation, reflecting the achievement of our financial goals and strong stock price performance reflected in our TSR from 2011 to 2013.

The preceding chart is not a substitute for the information required to be contained in the Summary Compensation Table, but an additional piece of information with regard to our Chairman and Chief Executive Officer's pay.

## Table of Contents

### Objectives of Our Compensation Program

The overall objective of our executive compensation program is to provide a competitive compensation package that is aligned with long-term shareholder value and conforms to evolving regulatory requirements. Our compensation policies and practices focus on the link between pay and sustainable performance, both at the company and individual levels and reinforce both short- and long-term performance objectives. Compensation policies are developed with a focus on prudent risk taking and the balance between risk and reward.

We execute our compensation philosophy by:

**Emphasizing Variable and Performance-Based Compensation:** Approximately 86% of the 2013 target total direct compensation of our Chairman and Chief Executive Officer, and approximately 79% of the 2013 target total direct compensation of our other Named Executive Officers (excluding Mr. Weeden), was variable or performance-based, as illustrated in the charts below.

**Requiring Deferral of Incentive Awards:** At least 60% of the annual total incentive award (the sum of the annual incentive paid and the value of long-term incentives granted in a particular year) of the Chairman and Chief Executive Officer (at least 50% for the other Named Executive Officers) is required to be deferred over a multi-year period and subject to risk-adjusted vesting.

**Setting Competitive Compensation:** We seek to maintain a competitive level and mix of pay reflective of the market in which we compete for talent. We do this by reviewing the levels and types of compensation paid to executive officers in similar positions at companies in our Peer Group and the companies with whom we compete for talent.

**Balancing Compensation Risk and Reward:** We design our compensation programs to appropriately balance risk and reward. We regularly monitor these programs to ensure that we do not create incentives that encourage risk-taking outside of our risk tolerances and subject all discretionary incentives to forfeiture, reduction, offset, and clawback. Please see All Incentives Subject to Risk Adjustment on page 40 of this proxy statement for more information about risk-adjustments.

---

**Table of Contents**

***2014 Proxy Statement Compensation Discussion and Analysis***

**Compensation Governance Best Practices**

Our compensation philosophy incorporates a number of best practices in governance and executive compensation:

**What we do:**

**Impose Robust Stock Ownership Guidelines:** Our Corporate Governance Guidelines contain robust stock ownership requirements, ranging from six times base salary for our Chairman and Chief Executive Officer, with a minimum of 10,000 common shares being directly owned, to three times base salary for our other Named Executive Officers, with a minimum of 5,000 common shares being directly owned. Each Named Executive Officer must hold the net shares purchased under a stock option and the net shares delivered upon vesting of other equity awards until the Named Executive Officer satisfies our stock ownership guidelines and, in the case of shares acquired upon the exercise of stock options, for not less than one year. These guidelines closely align the interests of our Named Executive Officers with those of our shareholders.

**Double Trigger Change of Control Agreements:** Our Change of Control Agreements are double trigger, meaning that severance benefits are due and equity awards vest only if a senior executive experiences a qualifying termination of employment in connection with a change of control. This requirement prevents our senior executives from receiving change of control benefits without a corresponding loss of employment.

**Review Tally Sheets:** The Compensation Committee annually reviews tally sheets for all Named Executive Officers that include potential severance payments, the accumulated value of vested and unvested equity awards, and retirement benefits. In addition, the Compensation Committee reviews the levels and types of compensation provided to executive officers in similar positions at companies in our Peer Group. This practice enables the Compensation Committee to evaluate the total compensation package for each Named Executive Officer, as well as consider the impact of isolated adjustments or incremental changes to specific elements of the package.

**Review Share Utilization:** We regularly review share overhang levels and run-rates and maintain share utilization levels well within industry norms.

**Retain an Independent Consultant:** The Compensation Committee retains an independent consultant to assist in developing and reviewing our executive compensation strategy and program. The Compensation Committee, with the assistance of the independent consultant, regularly evaluates the compensation practices of our peer companies to confirm that our compensation programs are consistent with market

practice.

32



**Table of Contents**

The Compensation Committee has also revised our compensation practices over the past several years to eliminate a number of compensation practices in response to concerns raised by our shareholders or shareholder advisory firms:

**What we don't do:**