

KEYCORP /NEW/  
Form S-4  
November 30, 2015  
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As filed with the Securities and Exchange Commission on November 30, 2015

Registration No. 333-

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

**FORM S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**(Exact name of registrant as specified in its charter)**

**Ohio**

**6021**

**34-6542451**

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

**(Primary Standard Industrial  
Classification Code Number)**  
**127 Public Square**

**(I.R.S. Employer  
Identification Number)**

**Cleveland, Ohio 44114**

**(216) 689-3000**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal  
Executive Offices)**

**Paul N. Harris**

**Secretary and General Counsel**

**127 Public Square**

**Cleveland, Ohio 44114**

**(216) 689-3000**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)**

*Copies to:*

**Lee A. Meyerson**

**Kristy Berner**

**H. Rodgin Cohen**

**Elizabeth A. Cooper**

**First Niagara Financial Group, Inc.**

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**726 Exchange Street, Suite 618**

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**425 Lexington Avenue**

**Buffalo, New York 14210**

**125 Broad Street**

**New York, New York 10017**

**Phone: (716) 819-5500**

**New York, New York 10004**

**Phone: (212) 455-2000**

**Phone: (212) 558-4000**

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

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

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

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

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

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

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

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

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum offering price	Amount of registration fee
Common Shares, par value \$1.00 per share	248,473,506 <sup>(1)</sup>	N/A	\$3,051,108,495.25 <sup>(2)</sup>	\$307,246.63 <sup>(3)</sup>
Fixed-to-Floating Rate Perpetual Noncumulative Preferred Stock, Series C, par value \$1.00 per share	14,000,000 <sup>(4)</sup>	N/A	\$380,100,000 <sup>(5)</sup>	\$38,276.07 <sup>(3)</sup>

- (1) Based on the maximum number of common shares, par value \$1.00 per share ( KeyCorp common shares ), of the registrant ( KeyCorp ) estimated to be issued in connection with the merger described herein (the merger ). This number is based on the product of (a) the sum of (i) 355,577,829, the aggregate number of shares of common stock, par value \$0.01 per share ( First Niagara common stock ), of First Niagara Financial Group, Inc. ( First Niagara ), outstanding as of November 20, 2015, except for shares of First Niagara common stock owned by First Niagara as treasury stock or otherwise owned by First Niagara or KeyCorp (in each case other than shares of First Niagara common stock (A) held in any First Niagara benefit plan or related trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agent capacity and (B) shares held, directly or indirectly, in respect of debts previously contracted), which number includes 824,469 shares of First Niagara

- common stock granted in respect of outstanding First Niagara restricted stock awards and First Niagara restricted stock awards that may be granted in the future pursuant to the terms of the merger agreement between KeyCorp and First Niagara described herein (the merger agreement ), plus (ii) 3,737,744, the aggregate number of shares of First Niagara common stock reserved for issuance upon the exercise of stock options outstanding as of November 20, 2015 and that may be issued in the future pursuant to the terms of the merger agreement, plus (iii) 6,086,642, the aggregate number of shares of First Niagara common stock reserved for issuance upon the settlement of First Niagara restricted stock unit awards outstanding as of November 20, 2015 and that may be issued in the future pursuant to the terms of the merger agreement, and (b) an exchange ratio of 0.680 KeyCorp common shares for each share of First Niagara common stock.
- (2) Pursuant to Rules 457(c), 457(f)(1) and 457(f)(3) promulgated under the Securities Act and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is an amount equal to (a) \$3,891,533,589.75, calculated as the product of (i) 365,402,215 shares of First Niagara common stock, the estimated maximum number of shares of First Niagara common stock that may be canceled in the merger and exchanged for KeyCorp common shares (calculated as shown in subsection (a) of note (1) above), and (ii) \$10.65, the average of the high and low trading prices of the First Niagara common stock on November 24, 2015 (within five business days prior to the date of this Registration Statement), minus (b) \$840,425,094.50, the estimated aggregate amount of cash to be paid by KeyCorp to First Niagara stockholders in the merger, calculated as a product of (i) 365,402,215 shares of First Niagara common stock, the estimated maximum number of shares of First Niagara common stock that may be canceled in the merger and exchanged for KeyCorp common shares (calculated as shown in subsection (a) of note (1) above), and (ii) \$2.30, the cash portion of the merger consideration.
  - (3) Calculated pursuant to Rule 457 of the Securities Act by multiplying the proposed maximum aggregate offering price of securities to be registered by 0.0001007.
  - (4) Represents the maximum number of shares of KeyCorp Fixed-to-Floating Rate Perpetual Noncumulative Preferred Stock, Series C ( KeyCorp preferred stock ) estimated to be issuable in connection with the merger, and is based on the product of (x) 1, the exchange ratio for such shares in the merger and (y) 14,000,000, which is the number of shares of First Niagara Fixed-to-Floating Rate Perpetual Noncumulative Preferred Stock, Series B ( First Niagara preferred stock ) issued and outstanding as of November 20, 2015.

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- (5) Pursuant to Rules 457(c), 457(f)(1) and 457(f)(3) promulgated under the Securities Act and solely for the purpose of calculating the registration fee, the proposed aggregate maximum offering price is the product of (x) \$27.15, the average of the high and low trading prices of the First Niagara preferred stock on November 24, 2015 (within five business days prior to the date of this Registration Statement) and (y) 14,000,000, the estimated maximum number of shares of First Niagara preferred stock that may be exchanged for the KeyCorp preferred stock.

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**Information contained herein is subject to completion or amendment. A registration statement relating to the KeyCorp common shares and preferred stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY PROXY STATEMENT/PROSPECTUS**

**DATED NOVEMBER 30, 2015, SUBJECT TO COMPLETION**

Dear Shareholder:

On October 30, 2015, KeyCorp entered into an Agreement and Plan of Merger, or the merger agreement, to acquire First Niagara Financial Group, Inc., or First Niagara, in a stock and cash transaction. If the merger agreement is approved and the merger is subsequently completed, First Niagara will merge with and into KeyCorp, with KeyCorp surviving the merger.

In the merger, each outstanding share of First Niagara common stock (other than shares owned by First Niagara as treasury stock or otherwise owned by First Niagara or KeyCorp and any dissenting shares) will be automatically converted into the right to receive 0.680 KeyCorp common shares and \$2.30 in cash, which we refer to as the merger consideration. Additionally, each share of First Niagara Fixed-to-Floating Rate Perpetual Noncumulative Preferred Stock, Series B, or the First Niagara preferred stock, will be automatically converted in the merger into a share of a newly-created series of KeyCorp preferred stock designated Fixed-to-Floating Rate Perpetual Non-Cumulative Preferred Stock, Series C, or the new KeyCorp preferred stock, that will have rights, preferences, privileges and voting powers, and limitations and restrictions, that are not materially less favorable to the holder thereof than the rights, preferences, privileges and voting powers of the First Niagara preferred stock.

Based on the closing price of KeyCorp's common shares on the New York Stock Exchange, or the NYSE, on October 29, 2015, the last trading day before public announcement of the merger, the value of the per share merger consideration payable to holders of First Niagara common stock would be \$11.40. Based on the closing price of KeyCorp's common shares on the NYSE on [ ], 2015, the last practicable trading date before the date of this joint proxy statement/prospectus, the value of the per share merger consideration payable to holders of First Niagara common stock would be [ ]. Based on the number of shares of First Niagara common stock outstanding and the number of shares of First Niagara common stock issuable pursuant to outstanding First Niagara stock options, restricted stock awards and restricted stock unit awards, in each case as of [ ], 2015, the total number of KeyCorp common shares expected to be issued in connection with the merger is approximately [ ] million. In addition, based on the number of issued and outstanding KeyCorp common shares and First Niagara common stock on [ ], 2015, and based on the exchange ratio of 0.680, holders of shares of First Niagara common stock as of immediately prior to the closing of the merger will hold, in the aggregate, approximately [ ]% of the issued and outstanding KeyCorp common shares immediately following the closing of the merger (without giving effect to any KeyCorp common shares held by First Niagara stockholders prior to the merger). Based on the number of shares of First Niagara preferred stock outstanding

as of [ ], 2015, the total number of shares of new KeyCorp preferred stock expected to be issued in connection with the merger is approximately [ ] million.

KeyCorp and First Niagara will each hold a special meeting of shareholders to consider the proposed merger and related matters. KeyCorp and First Niagara cannot complete the proposed merger unless their respective shareholders vote to adopt the merger agreement and KeyCorp's shareholders vote to approve the amendment to KeyCorp's articles of incorporation to modify the voting rights associated with KeyCorp's preferred stock so that the voting rights associated with the new KeyCorp preferred stock are not materially less favorable to the holders thereof than the voting rights associated with the First Niagara preferred stock. KeyCorp and First Niagara are sending you this joint proxy statement/prospectus to ask you to vote in favor of these and other matters described in this joint proxy statement/prospectus.

The special meeting of KeyCorp's shareholders will be held on [ ], at [ ] local time, on [ ]. The special meeting of First Niagara's stockholders will be held on [ ], at [ ] local time, on [ ].

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF KEYCORP COMMON SHARES OR SHARES OF FIRST NIAGARA COMMON STOCK YOU OWN.** To ensure your representation at the KeyCorp or First Niagara special meeting, as applicable, please complete and return the enclosed proxy card or submit your proxy by following the instructions contained in this joint proxy statement/prospectus and on your proxy card. Please vote promptly whether or not you expect to attend your special meeting. Submitting a proxy now will NOT prevent you from being able to vote in person at your special



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meeting. If you hold your shares in street name, you should instruct your broker, bank or other nominee how to vote in accordance with the voting instruction form you receive from your broker, bank or other nominee.

**The KeyCorp Board of Directors has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the adoption of the merger agreement and FOR the other matters to be considered at the KeyCorp special meeting.**

**The First Niagara Board of Directors has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the adoption of the merger agreement and FOR the other matters to be considered at the First Niagara special meeting.**

This joint proxy statement/prospectus provides you with detailed information about the proposed merger. It also contains or references information about KeyCorp and First Niagara and certain related matters. You are encouraged to read this joint proxy statement/prospectus carefully. **In particular, you should read the Risk Factors section beginning on page 26 for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

If you have any questions regarding the accompanying joint proxy statement/prospectus, you may contact Innisfree M&A Incorporated, KeyCorp's proxy solicitor, by calling toll-free at (877) 800 - 5190, or [ ], First Niagara's proxy solicitor, by calling toll-free at [ ].

Sincerely,

Beth E. Mooney

Chairman of the Board and

Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of KeyCorp common shares or the new KeyCorp preferred stock in connection with the merger or the other transactions described in this joint proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

This joint proxy statement/prospectus is dated [ ], 2015, and is first being mailed to shareholders of KeyCorp and First Niagara on or about [ ].

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**WHERE YOU CAN FIND MORE INFORMATION**

Both KeyCorp and First Niagara file annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the SEC). You may read and copy any materials that either KeyCorp or First Niagara files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, KeyCorp and First Niagara file reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at [www.sec.gov](http://www.sec.gov) containing this information. You will also be able to obtain these documents, free of charge, from KeyCorp at [www.key.com](http://www.key.com) under the About Key link and then under the heading Investor Relations and then SEC Filings, or from First Niagara by accessing First Niagara's website at [www.firstniagara.com](http://www.firstniagara.com) under the Investor Relations link and then under the heading Documents and then SEC Filings.

KeyCorp has filed a registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part. As permitted by SEC rules, this joint proxy statement/prospectus does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may obtain a free copy of the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this joint proxy statement/prospectus as to the contents of any contract or other documents referred to in this joint proxy statement/prospectus are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This joint proxy statement/prospectus incorporates by reference documents that KeyCorp and First Niagara have previously filed with the SEC. These documents contain important information about the companies and their financial condition. See *Incorporation of Certain Documents by Reference* beginning on page 144. These documents are available without charge to you upon written or oral request to the applicable company's principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below.

KeyCorp	First Niagara Financial Group, Inc.
127 Public Square	726 Exchange Street, Suite 618
Cleveland, Ohio 44114	Buffalo, New York 14210
Attention: Paul N. Harris, Secretary	Attention: Kristy Berner, Corporate Secretary
(216) 689-3000	(716) 819-5500

**To obtain timely delivery of these documents, you must request the information no later than [ ], 2015 in order to receive them before KeyCorp's special meeting of shareholders and no later than [ ], 2015 in order to receive them before First Niagara's special meeting of stockholders.**

KeyCorp common shares are traded on the New York Stock Exchange under the symbol KEY, and First Niagara common stock is traded on the Nasdaq Global Select Market under the symbol FNFG.

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**NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON [ ]**

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of KeyCorp will be held on [ ], at [ ] local time, on [ ], for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of October 30, 2015 (which we refer to as the merger agreement ), by and between First Niagara Financial Group, Inc. (which we refer to as First Niagara ) and KeyCorp (which we refer to as the merger proposal );
2. To approve the amendments to KeyCorp s amended and restated articles of incorporation set forth on Appendix D-1 to this joint proxy statement/prospectus, which modify the voting rights associated with KeyCorp s preferred stock so that the voting rights associated with the new KeyCorp preferred stock are not materially less favorable to the holders thereof than the voting rights associated with the First Niagara preferred stock (which we refer to as the articles amendment proposal );
3. To approve an amendment to KeyCorp s amended and restated regulations set forth on Appendix E-1 to this joint proxy statement/prospectus in order to increase the maximum size of the KeyCorp Board of Directors from sixteen to seventeen members (which we refer to as the regulations amendment proposal ); and
4. To approve one or more adjournments of the KeyCorp special meeting, if necessary or appropriate to permit further solicitation of proxies in favor of the merger proposal and the articles amendment proposal (which we refer to as the KeyCorp adjournment proposal ).

The affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp is required to approve each of the merger proposal, the articles amendment proposal and the regulations amendment proposal. Assuming a quorum is present, the affirmative vote of a majority of the KeyCorp common shares present in person or represented by proxy at the KeyCorp special meeting is required to approve the KeyCorp adjournment proposal. KeyCorp will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

KeyCorp shareholders must approve the merger proposal and the articles amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve either the merger proposal or the articles amendment proposal, the merger will not occur. The joint proxy statement/prospectus accompanying this notice explains the merger agreement and the transactions contemplated thereby, as well as the proposals to be considered at the KeyCorp special meeting. Please review the joint proxy statement/prospectus carefully.

The KeyCorp Board of Directors has set [ ] as the record date for the KeyCorp special meeting. Only holders of record of KeyCorp common shares at the close of business on [ ] will be entitled to notice of and to vote at the KeyCorp special meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the KeyCorp special meeting is entitled to appoint a proxy to attend and vote on such shareholder s behalf. Such proxy need not be a holder of KeyCorp common shares.

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF KEYCORP COMMON SHARES YOU OWN. Whether or not you plan to attend the KeyCorp special meeting, please complete, sign, date and mail the enclosed proxy card in the postage-paid envelope provided at your earliest convenience. You may also submit a proxy by telephone or via the Internet by following the instructions printed on your proxy card. If you hold your shares through a broker, bank or other nominee, you should direct the vote of your shares in accordance with the voting instruction form received from your broker, bank or other nominee.**

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**The KeyCorp Board of Directors has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the merger proposal, FOR the articles amendment proposal, FOR the regulations amendment proposal and FOR the KeyCorp adjournment proposal (if necessary or appropriate).**

**If you have any questions or need assistance with voting, please contact our proxy solicitor, Innisfree M&A Incorporated, toll-free at (877) 800 - 5190.**

If you plan to attend the KeyCorp special meeting, you will be required to bring certain documents with you to be admitted to the meeting. Please read carefully the sections in the joint proxy statement/prospectus regarding attending and voting at the special meeting to ensure that you comply with these requirements.

BY ORDER OF THE BOARD OF DIRECTORS

Paul N. Harris

Secretary and General Counsel

Cleveland, Ohio

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**NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [ ]**

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of First Niagara will be held on [ ], at [ ] local time, on [ ], for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of October 30, 2015 (which we refer to as the merger agreement ), by and between KeyCorp and First Niagara (which we refer to as the merger proposal );
2. To approve, on a non-binding, advisory basis, the compensation to be paid to First Niagara s named executive officers that is based on or otherwise relates to the merger, discussed under the section entitled *The Merger Interests of First Niagara Directors and Executive Officers in the Merger* beginning on page 83 (which we refer to as the merger-related compensation proposal ); and
3. To approve one or more adjournments of the First Niagara special meeting, if necessary or appropriate to permit further solicitation of proxies in favor of the merger proposal (which we refer to as the First Niagara adjournment proposal ).

The affirmative vote of a majority of the outstanding shares of First Niagara common stock entitled to vote thereon is required to approve the merger proposal. Assuming a quorum is present, the affirmative vote of a majority of the votes present in person or represented by proxy and cast at the First Niagara special meeting is required to approve, on a non-binding, advisory basis, the merger-related compensation proposal and to approve the First Niagara adjournment proposal. First Niagara will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

First Niagara stockholders must approve the merger proposal in order for the merger to occur. The merger proposal is not conditioned on the merger-related compensation proposal. The joint proxy statement/prospectus accompanying this notice explains the merger agreement and the transactions contemplated thereby, as well as the proposals to be considered at the First Niagara special meeting. Please review the joint proxy statement/prospectus carefully.

The First Niagara Board of Directors has set [ ] as the record date for the First Niagara special meeting. Only holders of record of First Niagara common stock at the close of business on [ ] will be entitled to notice of and to vote at the First Niagara special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the First Niagara special meeting is entitled to appoint a proxy to attend and vote on such stockholder s behalf. Such proxy need not be a holder of First Niagara common stock.

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES OF FIRST NIAGARA COMMON STOCK YOU OWN. Whether or not you plan to attend the First Niagara special meeting, please complete, sign, date and mail the enclosed proxy card in the postage-paid envelope provided at your earliest convenience. You may also submit a proxy by telephone or via the Internet by following the instructions printed on your proxy card. If you hold your shares through a broker, bank or other nominee, you should direct the vote of your shares in accordance with the voting instruction form received from your broker, bank or other nominee.**

**The First Niagara Board of Directors has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the merger proposal, FOR the merger-related compensation proposal and FOR the First Niagara adjournment proposal (if necessary or appropriate).**

**If you have any questions or need assistance with voting, please contact our proxy solicitor, [ ], toll-free at [ ].**

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If you plan to attend the First Niagara special meeting in person, please RSVP by marking the appropriate box on the proxy card, or via email to investor@fnfg.com with RSVP as the subject line. Also, if you are a registered stockholder and will be attending the meeting in person, please bring valid photo identification. Stockholders that hold their shares in street name are required to bring valid photo identification and proof of stock ownership in order to attend the meeting, and a legal proxy from their broker, bank or other nominee to vote their shares.

BY ORDER OF THE BOARD OF  
DIRECTORS

Kristy Berner

Senior Vice President, General Counsel and  
Corporate Secretary

Buffalo, New York



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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS**

*The following are answers to certain questions that you may have regarding the merger and the special meetings. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this joint proxy statement/prospectus.*

**Q: WHAT IS THE MERGER?**

A: KeyCorp, an Ohio corporation (which we refer to as KeyCorp ), and First Niagara Financial Group, Inc., a Delaware corporation (which we refer to as First Niagara ) have entered into an Agreement and Plan of Merger, dated as of October 30, 2015, as it may be amended from time to time (which we refer to as the merger agreement ), pursuant to which First Niagara will merge with and into KeyCorp, with KeyCorp continuing as the surviving company (which we refer to as the merger ).

KeyCorp and First Niagara will hold separate special meetings of their shareholders to obtain the required approvals, and you are receiving this joint proxy statement/prospectus in connection with those special meetings. See *The Merger Agreement* beginning on page 95. In addition, a copy of the merger agreement is attached to this joint proxy statement/prospectus as Appendix A. We urge you to read carefully this joint proxy statement/prospectus and the merger agreement in their entirety.

**Q: WHY AM I RECEIVING THIS DOCUMENT?**

A: Each of KeyCorp and First Niagara is sending this joint proxy statement/prospectus to its shareholders to help them decide how to vote their KeyCorp common shares or shares of First Niagara common stock, as the case may be, with respect to the merger and other matters to be considered at the special meetings.

The merger cannot be completed unless each of KeyCorp's and First Niagara's shareholders adopt the merger agreement, and KeyCorp's shareholders approve the proposed amendment (which we refer to as the articles amendment ) to KeyCorp's amended and restated articles of incorporation (which we refer to as the articles ) set forth on Appendix D-1 to this joint proxy statement/prospectus, which modify the voting rights associated with KeyCorp's preferred stock so that the voting rights associated with the new KeyCorp preferred stock (described below) are not materially less favorable to the holder thereof than the voting rights associated with the First Niagara preferred stock (described below). Information about these special meetings, the merger and the other business to be considered by shareholders at each of the special meetings is contained in this joint proxy statement/prospectus.

This document constitutes both a joint proxy statement of KeyCorp and First Niagara and a prospectus of KeyCorp. It is a joint proxy statement because each of the Boards of Directors of KeyCorp and First Niagara is soliciting proxies using this document from their respective shareholders. It is a prospectus because KeyCorp, in connection with the merger, is offering (i) its common shares in partial exchange for the outstanding shares of First Niagara common stock and (ii) its newly-created series of preferred stock designated Fixed-To-Floating Rate Perpetual Noncumulative Preferred Stock, Series C (which we refer to as the new KeyCorp preferred stock ) in exchange for the outstanding shares of First Niagara's Fixed-to-Floating Rate Perpetual Noncumulative Preferred Stock, Series B (which we refer to

as the First Niagara preferred stock ), which newly-created series of preferred stock will have rights, preferences, privileges and voting powers, and limitations and restrictions, that are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the First Niagara preferred stock.

**Q: WHAT WILL FIRST NIAGARA COMMON STOCKHOLDERS RECEIVE IN THE MERGER?**

A: If the merger is completed, each share of First Niagara common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by First Niagara as treasury stock or otherwise owned by First Niagara or KeyCorp and any dissenting shares), will be converted into the right to

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receive 0.680 KeyCorp common shares (which we refer to as the exchange ratio ) and \$2.30 in cash. KeyCorp will not issue any fractional KeyCorp common shares in the merger. Instead, a First Niagara stockholder who otherwise would have received a fraction of a KeyCorp common share will receive an amount in cash (rounded to the nearest cent) determined by multiplying (i) the fraction of a KeyCorp common share to which the holder would otherwise be entitled by (ii) the volume weighted average price of KeyCorp common shares on the New York Stock Exchange (which we refer to as the NYSE ) for the five trading days ending on the day prior to the effective time of the merger.

**Q: WHAT WILL FIRST NIAGARA PREFERRED STOCKHOLDERS RECEIVE IN THE MERGER?**

A: If the merger is completed, each share of First Niagara preferred stock issued and outstanding immediately prior to the effective time of the merger will automatically be converted into a share of the new KeyCorp preferred stock.

**Q: WHEN WILL THE MERGER BE COMPLETED?**

A: The parties currently expect that the merger will be completed during the third quarter of 2016. However, neither KeyCorp nor First Niagara can assure you of when or if the merger will be completed, and it is possible that factors outside of the control of both companies, including whether and when the required regulatory approvals will be received, could result in the merger being completed at a different time or not at all. KeyCorp and First Niagara must first obtain the approval of their respective shareholders for the merger and KeyCorp's shareholders must approve the articles amendment proposal (described below), and KeyCorp and First Niagara must also first obtain certain necessary regulatory approvals and satisfy other closing conditions. See *The Merger Agreement Conditions to the Merger* beginning on page 105.

**Q: WHAT AM I BEING ASKED TO VOTE ON AND WHY IS THIS APPROVAL NECESSARY?**

A: First Niagara stockholders are being asked to vote on the following proposals:

1. to adopt the merger agreement, a copy of which is attached as Appendix A to this joint proxy statement/prospectus (which we refer to as the merger proposal );
2. to approve, on a non-binding, advisory basis, the compensation to be paid to First Niagara's named executive officers that is based on or otherwise relates to the merger, discussed under the section entitled *The Merger Interests of First Niagara Directors and Executive Officers in the Merger* beginning on page 83 (which we refer to as the merger-related compensation proposal ); and
3. to approve one or more adjournments of the First Niagara special meeting, if necessary or appropriate to permit further solicitation of proxies in favor of the merger proposal (which we refer to as the First Niagara

adjournment proposal ).

KeyCorp shareholders are being asked to vote on the following proposals:

1. to adopt the merger agreement, a copy of which is attached as Appendix A to this joint proxy statement/prospectus (which we refer to as the merger proposal );
2. to approve the amendments to KeyCorp s articles set forth on Appendix D-1 to this joint proxy statement/prospectus, which modify the voting rights associated with KeyCorp s preferred stock so that the voting rights associated with the new KeyCorp preferred stock are not materially less favorable to the holders thereof than the voting rights associated with the First Niagara preferred stock (which we refer to as the articles amendment proposal );
3. to approve an amendment to KeyCorp s amended and restated regulations (which we refer to as the regulations ) set forth on Appendix E-1 to this joint proxy statement/prospectus in order to increase



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the maximum size of the KeyCorp Board of Directors from sixteen to seventeen members (which we refer to as the regulations amendment proposal ); and

4. to approve one or more adjournments of the KeyCorp special meeting, if necessary or appropriate to permit further solicitation of proxies in favor of the merger proposal and the articles amendment proposal (which we refer to as the KeyCorp adjournment proposal ).

**Q: WHAT CONSTITUTES A QUORUM AT EACH SPECIAL MEETING?**

A: The presence, in person or represented by proxy, of at least a majority of the total number of outstanding shares of First Niagara common stock entitled to vote is necessary in order to constitute a quorum at the First Niagara special meeting.

The presence, in person or represented by proxy, of at least a majority of KeyCorp's outstanding common shares is necessary in order to constitute a quorum at the KeyCorp special meeting.

**Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE FIRST NIAGARA SPECIAL MEETING?**

A: *The Merger Proposal:* The affirmative vote of a majority of the outstanding shares of First Niagara common stock entitled to vote thereon is required to approve the merger proposal. First Niagara stockholders must approve the merger proposal in order for the merger to occur. If First Niagara stockholders fail to approve the merger proposal, the merger will not occur.

*The Merger-Related Compensation Proposal:* Assuming a quorum is present, the affirmative vote of a majority of votes present in person or represented by proxy and cast on the merger related compensation proposal at the First Niagara special meeting is required to approve the merger-related compensation proposal, which is an advisory vote, and therefore is not binding on First Niagara or on KeyCorp or the Boards of Directors or the compensation committees of First Niagara or KeyCorp. Since compensation and benefits to be paid or provided in connection with the merger are based on contractual arrangements with the named executive officers, the outcome of this advisory vote will not affect the obligation to make these payments. First Niagara is seeking this non-binding advisory stockholder approval pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Rule 14a-21(c) of the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act ), which requires First Niagara to provide its stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to First Niagara's named executive officers in connection with the merger. The merger-related compensation proposal gives First Niagara's stockholders the opportunity to express their views on the merger-related compensation of First Niagara's named executive officers. First Niagara stockholders are not required to approve the merger-related compensation proposal in order for the merger to occur. If First Niagara stockholders fail to approve the merger-related compensation proposal, but approve the merger proposal, the merger may nonetheless occur.

*The First Niagara Adjournment Proposal:* Assuming a quorum is present, the affirmative vote of a majority of the votes present in person or represented by proxy and cast on the First Niagara adjournment proposal at the First Niagara special meeting is required to approve the First Niagara adjournment proposal.

**Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE KEYCORP SPECIAL MEETING?**

A: *The Merger Proposal*: The affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp is required to approve the merger proposal. KeyCorp shareholders must approve the merger proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the merger proposal, the merger will not occur.

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*The Articles Amendment Proposal:* The affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp is required to approve the articles amendment proposal. KeyCorp shareholders must approve the articles amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the articles amendment proposal, the merger will not occur.

*The Regulations Amendment Proposal:* The affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp is required to approve the regulations amendment proposal. KeyCorp shareholders are not required to approve the regulations amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the regulations amendment proposal, but approve the merger proposal and the articles amendment proposal, the merger may nonetheless occur.

*The KeyCorp Adjournment Proposal:* Assuming a quorum is present, the affirmative vote of a majority of the KeyCorp common shares present in person or represented by proxy at the KeyCorp special meeting is required to approve the KeyCorp adjournment proposal.

**Q: WHAT DO I NEED TO DO NOW?**

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote your shares as soon as possible so that your shares will be represented at your respective company's special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by your broker, bank or other nominee if your shares are held in the name of your broker, bank or other nominee.

**Q: HOW DO I VOTE?**

A: If you are a shareholder of record of KeyCorp as of [ ] (which we refer to as the KeyCorp record date ) you may submit your proxy before the KeyCorp special meeting in any of the following ways:

use the toll-free number shown on your proxy card;

visit the website shown on your proxy card to vote via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

If you are a stockholder of record of First Niagara as of [ ] (which we refer to as the First Niagara record date ), you may submit your proxy before the First Niagara special meeting in any of the following ways:

use the toll-free number shown on your proxy card;

visit the website shown on your proxy card to vote via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope; or

scan the QR Code on your proxy card with your mobile device.

If you are a shareholder of record of KeyCorp as of the KeyCorp record date or a stockholder of record of First Niagara as of the First Niagara record date, you may also cast your vote in person at your respective company's special meeting.

If your shares are held in street name through a broker, bank or other nominee, your broker, bank or other nominee will send you separate instructions describing the procedure for voting your shares. Street name shareholders who wish to vote at the special meeting will need to obtain a proxy form from their broker, bank or other nominee.

**Q: WHEN AND WHERE ARE THE KEYCORP AND FIRST NIAGARA SPECIAL MEETINGS?**

A: The special meeting of KeyCorp shareholders will be held on [ ], at [ ] local time, on [ ]. All KeyCorp shareholders as of the KeyCorp record date, or their duly appointed proxies, may attend the KeyCorp special

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meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ], local time.

The special meeting of First Niagara stockholders will be held at the [ ] at [ ] local time, on [ ]. All First Niagara stockholders as of the First Niagara record date, or their duly appointed proxies, may attend the First Niagara special meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ] local time.

**Q: IF MY SHARES ARE HELD IN STREET NAME BY A BROKER, BANK OR OTHER NOMINEE, WILL MY BROKER, BANK OR OTHER NOMINEE VOTE MY SHARES FOR ME?**

A: If your shares are held in street name in a stock brokerage account or by a broker, bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to KeyCorp or First Niagara or by voting in person at your respective company's special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. In addition to such legal proxy, if you plan to attend the First Niagara special meeting, but are not a stockholder of record because you hold your shares in street name, please bring evidence of your beneficial ownership of your shares (e.g., a copy of a recent brokerage statement showing the shares) and valid photo identification with you to the First Niagara special meeting. If you plan to attend the KeyCorp special meeting and you hold shares in street name, please bring photo identification and a recent brokerage statement or a letter from your broker, bank or other nominee showing your holdings of KeyCorp common shares as proof of ownership.

Under the rules of the NYSE and the Nasdaq Global Select Market (which we refer to as NASDAQ), brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not permitted to exercise their voting discretion with respect to the approval of matters that the NYSE or the NASDAQ determines to be non-routine without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the KeyCorp special meeting and the First Niagara special meeting are non-routine matters. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

If you are a First Niagara stockholder holding your shares in street name and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee will not vote your shares on the merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal; and

your broker, bank or other nominee will not vote your shares on the merger-related compensation proposal or the First Niagara adjournment proposal, which broker non-votes will have no effect on the vote count for these proposals.

If you are a KeyCorp shareholder holding your shares in street name and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee will not vote your shares on the merger proposal, the articles amendment proposal or the regulations amendment proposal, which broker non-votes will have the same effect as a vote **AGAINST** these proposals; and

your broker, bank or other nominee will not vote your shares on the KeyCorp adjournment proposal, which broker non-votes will have no effect on the vote count for this proposal.

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**Q: WHAT IF I ATTEND THE MEETING AND ABSTAIN OR DO NOT VOTE?**

A: For purposes of each of the KeyCorp special meeting and the First Niagara special meeting, an abstention occurs when a shareholder attends the applicable special meeting in person and does not vote or returns a proxy with an abstain vote.

If you are a First Niagara or KeyCorp shareholder, you attend your special meeting in person and you fail to vote on the applicable merger proposal, your failure to vote will have the same effect as a vote cast **AGAINST** the applicable merger proposal. If you respond with an abstain vote on the applicable merger proposal, your proxy will have the same effect as a vote cast **AGAINST** the applicable merger proposal.

If you are a KeyCorp shareholder, you attend your special meeting in person and you fail to vote on the articles amendment proposal or the regulations amendment proposal, your failure to vote in each case will have the same effect as a vote cast **AGAINST** such proposals. If you respond to the articles amendment proposal or the regulations amendment proposal with an abstain vote, your proxy will have the same effect as a vote cast **AGAINST** such proposals.

If you are a KeyCorp shareholder, you attend your special meeting in person and you fail to vote on the KeyCorp adjournment proposal, your failure to vote will have the same effect as a vote cast **AGAINST** such proposal. If you respond with an abstain vote, your proxy will have the same effect as a vote cast **AGAINST** the KeyCorp adjournment proposal.

If you are a First Niagara stockholder, you attend your special meeting in person and you fail to vote or respond with an abstain vote on the merger-related compensation proposal or the First Niagara adjournment proposal, such abstention or failure to vote will have no effect on the outcome of such proposals. For each of these proposals, abstentions are not treated as votes cast and will have no effect on the outcome of the vote, although abstentions are counted towards establishing a quorum.

**Q: WHAT WILL HAPPEN IF I RETURN MY PROXY CARD WITHOUT INDICATING HOW TO VOTE?**

If you sign and return your proxy card without indicating how to vote on any particular proposal, the KeyCorp common shares represented by your proxy will be voted as recommended by the KeyCorp Board of Directors with respect to that proposal or the First Niagara common stock represented by your proxy will be voted as recommended by the First Niagara Board of Directors with respect to that proposal, as the case may be.

**Q: MAY I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY OR VOTING INSTRUCTION CARD?**

Yes. You may change your vote at any time before your proxy is voted at the KeyCorp or First Niagara special meeting. You may do this in one of three ways:

filing a notice with the Corporate Secretary of KeyCorp or First Niagara, as applicable;

filing a new, subsequently dated proxy (whether by proxy card, online, telephone, or, in the case of the First Niagara proxy, QR Code); or

by attending the KeyCorp or First Niagara special meeting and electing to vote your shares in person. If you are a shareholder of record of either KeyCorp or First Niagara and you choose to send a written notice or to mail a new proxy, you must submit your notice of revocation or your new proxy to, in the case of KeyCorp, KeyCorp, Attention: Secretary, 127 Public Square, Cleveland, Ohio 44114, or, in the case of First Niagara, First Niagara Financial Group, Inc., Attention: Corporate Secretary, 726 Exchange Street, Suite 618, Buffalo, New York 14210, and it must be received at any time before the vote is taken at the KeyCorp or the First Niagara special meeting, as applicable. Any proxy that you submitted may also be



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revoked by submitting a new proxy by mail, online, by telephone, or in the case of the First Niagara proxy, QR Code, not later than [ ] on [ ], or by voting in person at the meeting. If you have instructed a broker, bank or other nominee to vote your KeyCorp common shares or shares of First Niagara common stock, as applicable, you must follow the directions you receive from your broker, bank or other nominee in order to change or revoke your vote.

**Q: ARE FIRST NIAGARA STOCKHOLDERS ENTITLED TO APPRAISAL RIGHTS?**

A: Yes, First Niagara stockholders are entitled to appraisal rights under Section 262 of the General Corporation Law of the State of Delaware (which we refer to as the DGCL), provided they satisfy the special criteria and conditions set forth in Section 262 of the DGCL. More information regarding these appraisal rights is provided in this joint proxy statement/prospectus, and the provisions of the DGCL that grant appraisal rights and govern such procedures are attached as Appendix F to this joint proxy statement/prospectus. You should read these provisions carefully and in their entirety. See *Appraisal Rights* beginning on page 140.

**Q: WHAT ARE THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO FIRST NIAGARA STOCKHOLDERS?**

A: The obligation of KeyCorp and First Niagara to complete the merger is conditioned upon the receipt of legal opinions from their respective counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

If the merger qualifies as a reorganization for United States federal income tax purposes, (1) U.S. holders of First Niagara common stock who receive a combination of KeyCorp common shares and cash, other than cash instead of a fractional KeyCorp common share, in exchange for their First Niagara common stock, will recognize gain (but not loss) in an amount equal to the lesser of (x) the amount by which the sum of the fair market value of the KeyCorp common shares and cash (other than cash received instead of a fractional KeyCorp common share) received by such holder in exchange for its shares of First Niagara common stock exceeds the holder's adjusted basis in its shares of First Niagara common stock, and (y) the amount of cash (other than cash received instead of fractional KeyCorp common shares) received by such holder in exchange for its shares of First Niagara common stock; and (2) U.S. holders of First Niagara preferred shares who receive solely new KeyCorp preferred stock in the merger will not recognize any gain or loss. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if the holding period for such shares of First Niagara common stock is more than one year. Depending on certain facts specific to you, gain could instead be characterized as ordinary dividend income.

For a more detailed discussion of the material United States federal income tax consequences of the transaction, see *Material United States Federal Income Tax Consequences of the Merger* beginning on page 110.

The consequences of the merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

**Q: WHAT HAPPENS IF THE MERGER IS NOT COMPLETED?**

A: If the merger is not completed, First Niagara stockholders will not receive any consideration for their shares of First Niagara common stock and will not receive shares of new KeyCorp preferred stock for their shares of First Niagara preferred stock in connection with the merger. Instead, First Niagara will remain an independent public company and its common stock will continue to be listed and traded on the NASDAQ. Under specified circumstances, First Niagara may be required to pay to KeyCorp a fee with respect to the termination of the merger agreement. See *The Merger Agreement Termination; Termination Fee* beginning on page 106.

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**Q: SHOULD FIRST NIAGARA STOCKHOLDERS SEND IN THEIR STOCK CERTIFICATES NOW?**

A: No. First Niagara stockholders **SHOULD NOT** send in any stock certificates now. If the merger is approved, transmittal materials, with instructions for their completion, will be provided under separate cover to First Niagara stockholders who hold physical stock certificates and the stock certificates should be sent at that time in accordance with such instructions.

**Q: WHAT IS THE ARTICLES AMENDMENT PROPOSAL AND WHY ARE KEYCORP SHAREHOLDERS BEING ASKED TO APPROVE IT?**

A: KeyCorp is asking its shareholders to approve the articles amendment set forth on Appendix D-1 to this joint proxy statement/prospectus, which modifies the voting rights associated with KeyCorp's preferred stock so that the voting rights associated with the new KeyCorp preferred stock are not materially less favorable to the holder thereof than the voting rights associated with the First Niagara preferred stock.

The articles amendment will (i) provide that KeyCorp is not required to call a special meeting of preferred shareholders for the election of directors in certain circumstances if KeyCorp's annual meeting will be held less than 90 days from the date a request for such special meeting is received from preferred shareholders; (ii) allow any holder of KeyCorp preferred stock to call such a special meeting at KeyCorp's expense if the meeting is not called by KeyCorp within 20 days of receiving such a request (and, solely for the purpose of calling such special meeting, such preferred shareholder will have access to KeyCorp's stock ledger); (iii) provide that KeyCorp's preferred shareholders must approve any amendment of KeyCorp's articles or regulations that would adversely affect the voting powers, rights or preferences of KeyCorp's preferred shareholders (or any class thereof); and (iv) provide that KeyCorp's preferred shareholders must approve any combination, majority share acquisition (each as defined by Ohio law), merger or consolidation of KeyCorp with another entity unless, in each case, (A) KeyCorp's preferred stock remains outstanding or is converted into preference securities of the surviving or resulting corporation or a corporation controlling such corporation (in each case, which is an entity organized in the United States) and (B) the shares of preferred stock remaining outstanding or such new preference securities, as the case may be, have voting powers, rights, privileges and preferences that are not materially less favorable to the holders thereof than the voting powers, rights, privileges and preferences of the holders of KeyCorp's preferred stock. In accordance with KeyCorp's articles, KeyCorp's Board of Directors has designated the remaining terms and rights of the new KeyCorp preferred stock. See *Description of KeyCorp Capital Stock* for a summary of the material terms of the new KeyCorp preferred stock and the form of second amended and restated articles of incorporation of KeyCorp (which we refer to as the amended articles ) set forth on Appendix D-2 to this joint proxy statement/prospectus.

The immediately preceding paragraph is a summary of the material provisions of the articles amendment and is not intended to be complete or to provide a comprehensive discussion of the articles amendment. This summary is qualified in its entirety by reference to the modifications to the articles set forth on Appendix D-1 and to the form of amended articles set forth on Appendix D-2 to this joint proxy statement/prospectus. We encourage you to read Appendix D-1 and Appendix D-2 carefully and in their entirety.

Upon approval of the articles amendment set forth on Appendix D-1 to this joint proxy statement/prospectus by KeyCorp shareholders, which has been approved by KeyCorp's Board of Directors, KeyCorp would be authorized to file with the Secretary of State of the State of Ohio the amended articles as set forth on Appendix D-2 to this joint proxy statement/prospectus, and the articles amendment will thereafter become effective upon such filing. Except as contemplated by the articles amendment set forth on Appendix D-1 to this joint proxy statement/prospectus and the

designation of the new KeyCorp preferred stock by KeyCorp's Board of Directors in accordance with the articles, the provisions of the articles would remain unchanged.

KeyCorp shareholders must approve the articles amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the articles amendment proposal, the merger will not occur. Accordingly, KeyCorp is asking KeyCorp shareholders to vote to approve the articles amendment proposal, either by attending the KeyCorp special meeting and voting in person or by submitting a proxy.

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**Q: WHAT IS THE REGULATIONS AMENDMENT PROPOSAL AND WHY ARE KEYCORP SHAREHOLDERS BEING ASKED TO APPROVE IT?**

A: KeyCorp is asking its shareholders to approve an amendment (which we refer to as the regulations amendment ) to its regulations set forth on Appendix E-1 to this joint proxy statement/prospectus in order to increase the maximum size of its Board of Directors from sixteen to seventeen members.

Pursuant to the merger agreement, KeyCorp will add three current members of First Niagara's Board of Directors selected by First Niagara and reasonably acceptable to KeyCorp (including its Nominating and Corporate Governance Committee) to KeyCorp's Board of Directors. As of the date of this joint proxy statement/prospectus, KeyCorp's Board of Directors consisted of fourteen members. The regulations provide that KeyCorp's Board of Directors must consist of no fewer than twelve and no more than sixteen members. In order to add First Niagara's director nominees to KeyCorp's existing Board of Directors, KeyCorp intends to amend the regulations to increase the maximum size of its Board of Directors from sixteen to seventeen members.

Upon approval of the regulations amendment as set forth on Appendix E-1 to this joint proxy statement/prospectus by KeyCorp's shareholders, which has been approved by KeyCorp's Board of Directors, KeyCorp's regulations would be amended in its entirety as set forth on Appendix E-2 to this joint proxy statement/prospectus. Except as contemplated by the regulations amendment set forth on Appendix E-1 to this joint proxy statement/prospectus, the provisions of KeyCorp's regulations would remain unchanged.

Approval of the regulations amendment proposal is not a condition to completion of the merger. If KeyCorp shareholders fail to approve the regulations amendment proposal, but approve the merger proposal and the articles amendment proposal, the merger may nonetheless occur. It is important, however, that KeyCorp shareholders vote to approve the regulations amendment proposal, either by attending the KeyCorp special meeting and voting in person or by submitting a proxy.

**Q: WHOM SHOULD I CONTACT IF I HAVE ANY QUESTIONS ABOUT THE PROXY MATERIALS OR VOTING?**

A: If you have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact the proxy solicitation agent for the company in which you hold shares.

If you are a KeyCorp shareholder, you should contact Innisfree M&A Incorporated (which we refer to as Innisfree ), the proxy solicitation agent for KeyCorp, toll-free at (877) 800-5190. If you are a First Niagara stockholder, you should contact [ ], the proxy solicitation agent for First Niagara, toll-free at [ ].

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**SUMMARY**

*This summary highlights selected information included in this joint proxy statement/prospectus and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which we refer before you decide how to vote. In addition, we incorporate by reference important business and financial information about First Niagara and KeyCorp into this joint proxy statement/prospectus. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus and *Incorporation of Certain Documents by Reference* beginning on page 144. Each item in this summary includes a page reference directing you to a more complete description of that item.*

**The Merger and the Merger Agreement (page 95)**

The terms and conditions of the merger are contained in the merger agreement, which is attached as Appendix A to this joint proxy statement/prospectus. We encourage you to read the merger agreement carefully, as it is the legal document that governs the merger.

If the merger agreement is approved and the merger is subsequently completed, First Niagara will merge with and into KeyCorp, with KeyCorp surviving the merger.

**Merger Consideration (page 95)**

Each share of First Niagara common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by First Niagara as treasury stock or otherwise owned by First Niagara or KeyCorp and any dissenting shares), will be converted into the right to receive 0.680 KeyCorp common shares (which we refer to as the exchange ratio) and \$2.30 in cash. Each share of First Niagara preferred stock issued and outstanding immediately prior to the effective time of the merger will automatically be converted into a share of the new KeyCorp preferred stock.

Based on the closing trading price of KeyCorp common shares on the NYSE on October 29, 2015, the last trading day before the public announcement of the signing of the merger agreement, the value of the merger consideration per share of First Niagara common stock was \$11.40. Based on the closing trading price of KeyCorp common shares on the NYSE on [ ], 2015, the last practicable trading date before the date of this joint proxy statement/prospectus, the value of the merger consideration per share of First Niagara common stock was [ ]. The value of the merger consideration that you will receive for each share of First Niagara common stock will depend on the price per share of KeyCorp common shares at the time you receive the shares of KeyCorp common shares. Therefore, the value of the merger consideration may be different than its estimated value based on the current price of KeyCorp common shares or the price of KeyCorp common shares at the time of the KeyCorp and First Niagara special meetings.

**Recommendation of the First Niagara Board of Directors (page 58)**

The First Niagara Board of Directors has unanimously determined that the merger, on the terms and conditions set forth in the merger agreement, is advisable and in the best interests of First Niagara and its stockholders and has directed that the merger agreement and the transactions contemplated thereby be submitted to First Niagara's stockholders for adoption at the First Niagara special meeting on the date and at the time and place set forth in this joint proxy statement/prospectus. The First Niagara Board of Directors unanimously recommends that First Niagara's stockholders vote **FOR** the merger proposal, **FOR** the merger-related compensation proposal and **FOR** the First Niagara adjournment proposal (if necessary or appropriate). See *The Merger Recommendation of the First Niagara Board of Directors and Reasons for the Merger* beginning on page 58.



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**Recommendation of the KeyCorp Board of Directors (page 72)**

The KeyCorp Board of Directors has unanimously determined that the merger, on the terms and conditions set forth in the merger agreement, is advisable and in the best interests of KeyCorp and its shareholders and has directed that the merger agreement and the transactions contemplated thereby be submitted to its shareholders for approval at the KeyCorp special meeting on the date and at the time and place set forth in this joint proxy statement/prospectus. The KeyCorp Board of Directors unanimously recommends that KeyCorp's shareholders vote **FOR** the merger proposal, **FOR** the articles amendment proposal, **FOR** the regulations amendment proposal and **FOR** the KeyCorp adjournment proposal (if necessary or appropriate). See *The Merger Recommendation of the KeyCorp Board of Directors and Reasons for the Merger* beginning on page 72.

**Opinion of Financial Advisors**

*First Niagara Financial Advisor (page 62)*

In connection with the merger, First Niagara's financial advisor, J.P. Morgan Securities LLC (which we refer to as J.P. Morgan) rendered to the First Niagara Board of Directors at its meeting on October 29, 2015, J.P. Morgan's oral opinion (which was subsequently confirmed in writing by delivery of J.P. Morgan's written opinion dated the same date) that, as of such date and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration to be paid to the holders of First Niagara common stock in the merger was fair, from a financial point of view, to such holders.

**The full text of the written opinion of J.P. Morgan, dated October 29, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken in rendering its opinion, is attached as Appendix B to this joint proxy statement/prospectus and is incorporated herein by reference. First Niagara stockholders should read this opinion carefully and in its entirety. J.P. Morgan's written opinion is addressed to the First Niagara Board of Directors, is directed only to the fairness, from a financial point of view, of the merger consideration to be paid to the holders of First Niagara common stock in the merger as of the date of the opinion, does not address any other aspect of the transactions contemplated by the merger agreement and does not constitute a recommendation to any holder of shares of First Niagara common stock as to how such stockholder should vote with respect to the merger or any other matter at the First Niagara special meeting. J.P. Morgan's opinion does not express any opinion as to the price at which the First Niagara common stock or KeyCorp common shares will trade at any future time. The summary of J.P. Morgan's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. For further information, please see the section entitled *The Merger Opinion of First Niagara's Financial Advisor* beginning on page 62.**

*KeyCorp Financial Advisor (page 74)*

In connection with the merger, KeyCorp's financial advisor, Morgan Stanley & Co. LLC (which we refer to as Morgan Stanley) rendered to the KeyCorp Board of Directors at its special meeting on October 29, 2015, its oral opinion, subsequently confirmed by delivery of a written opinion dated October 29, 2015, that, as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth therein, the merger consideration to be paid by KeyCorp pursuant to the merger agreement was fair, from a financial point of view, to KeyCorp.



**The full text of the written opinion of Morgan Stanley, dated October 29, 2015, is attached as Appendix C and incorporated by reference into this joint proxy statement/prospectus. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. Shareholders are urged to, and should, read the opinion carefully and in its entirety. Morgan Stanley s**

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opinion is directed to the KeyCorp Board of Directors and addresses only the fairness, from a financial point of view, to KeyCorp of the merger consideration to be paid by KeyCorp pursuant to the merger agreement as of the date of the opinion. Morgan Stanley's opinion does not address any other aspect of the transactions contemplated by the merger agreement and does not constitute a recommendation to shareholders of KeyCorp or stockholders of First Niagara as to how to vote at any shareholders meetings held with respect to the merger or any other matter or whether to take any other action with respect to the merger. In addition, the opinion does not in any manner address the price at which KeyCorp common shares will trade following the consummation of the merger or at any time. The summary of Morgan Stanley's opinion and the methodology that Morgan Stanley used to render its opinion set forth in this joint proxy statement/prospectus under the caption entitled *The Merger Opinions of KeyCorp's Financial Advisors Opinion of Morgan Stanley* is qualified in its entirety by reference to the full text of Morgan Stanley's opinion.

**First Niagara Special Meeting of Stockholders (page 33)**

The special meeting of First Niagara stockholders will be held on [ ], at [ ] local time, on [ ]. At the First Niagara special meeting, First Niagara stockholders will be asked to approve the merger proposal, the merger-related compensation proposal and the First Niagara adjournment proposal (if necessary or appropriate).

The First Niagara Board of Directors has fixed the close of business on [ ] as the record date for determining the holders of First Niagara common stock entitled to receive notice of and to vote at the First Niagara special meeting. As of the First Niagara record date, there were [ ] shares of First Niagara common stock outstanding and entitled to vote at the First Niagara special meeting held by [ ] holders of record. Each share of First Niagara common stock entitles the holder thereof to one vote at the First Niagara special meeting on each proposal to be considered at the First Niagara special meeting. As of the First Niagara record date, directors and executive officers of First Niagara and their affiliates owned and were entitled to vote [ ] shares of First Niagara common stock, representing approximately [ ]% of First Niagara common stock outstanding on that date. First Niagara currently expects that its directors and executive officers will vote their shares in favor of the merger proposal, the merger-related compensation proposal and the First Niagara adjournment proposal (if necessary or appropriate), although none of them has entered into any agreements obligating them to do so. As of the record date, KeyCorp did not beneficially hold any shares of First Niagara common stock.

The presence, in person or represented by proxy, of at least a majority of the total number of outstanding shares of First Niagara common stock entitled to vote is necessary in order to constitute a quorum at the First Niagara special meeting.

The affirmative vote of a majority of the outstanding shares of First Niagara common stock entitled to vote is required to approve the merger proposal. Assuming a quorum is present, the affirmative vote of a majority of the votes present in person or represented by proxy and cast on each of the merger-related compensation proposal and the adjournment proposal at the First Niagara special meeting is required to approve each such proposal. First Niagara stockholders must approve the merger proposal in order for the merger to occur. First Niagara stockholders are not, however, required to approve the merger-related compensation proposal or the First Niagara adjournment proposal in order for the merger to occur. If First Niagara stockholders fail to approve the merger-related compensation proposal or the First Niagara adjournment proposal, but approve the merger proposal, the merger may nonetheless occur.

**KeyCorp Special Meeting of Shareholders (page 40)**

The special meeting of KeyCorp shareholders will be held on [ ], at [ ] local time, on [ ]. At the KeyCorp special meeting, KeyCorp shareholders will be asked to approve the merger proposal, the articles amendment proposal, the

regulations amendment proposal and the KeyCorp adjournment proposal (if necessary or appropriate).

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The KeyCorp Board of Directors has fixed the close of business on [ ] as the record date for determining the holders of KeyCorp common shares entitled to receive notice of and to vote at the KeyCorp special meeting. As of the KeyCorp record date, there were [ ] KeyCorp common shares outstanding and entitled to vote at the KeyCorp special meeting held by [ ] holders of record. Each KeyCorp common share entitles the holder to one vote at the KeyCorp special meeting on each proposal to be considered at the KeyCorp special meeting. As of the KeyCorp record date, directors and executive officers of KeyCorp and their affiliates owned and were entitled to vote [ ] KeyCorp common shares, representing approximately [ ]% of KeyCorp common shares outstanding on that date. KeyCorp currently expects that its directors and executive officers will vote their shares in favor of the merger proposal, the articles amendment proposal, the regulations amendment proposal and the KeyCorp adjournment proposal (if necessary or appropriate), although none of them has entered into any agreements obligating them to do so. As of the record date, First Niagara did not beneficially hold any KeyCorp common shares.

The presence, in person or represented by proxy, of at least a majority of the total number of KeyCorp outstanding common shares is necessary in order to constitute a quorum at the KeyCorp special meeting.

The affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp is required to approve each of the merger proposal, the articles amendment proposal and the regulations amendment proposal. Assuming a quorum is present, the affirmative vote of a majority of the KeyCorp common shares present in person or represented by proxy at the KeyCorp special meeting is required to approve the KeyCorp adjournment proposal (if necessary or appropriate). KeyCorp shareholders must approve the merger proposal and the articles amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve either the merger proposal or the articles amendment proposal, the merger will not occur. KeyCorp shareholders are not, however, required to approve the regulations amendment proposal and the KeyCorp adjournment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the regulations amendment proposal or the KeyCorp adjournment proposal, but approve the merger proposal and the articles amendment proposal, the merger may nonetheless occur.

**First Niagara's Directors and Executive Officers Have Financial Interests in the Merger (page 83)**

Certain of First Niagara's executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of First Niagara's stockholders. The members of the First Niagara Board of Directors were aware of and considered these interests, among other matters, when they approved the merger agreement and recommended that First Niagara stockholders approve the merger proposal. See *The Merger Interests of First Niagara Directors and Executive Officers in the Merger* beginning on page 83.

**Treatment of First Niagara Stock Options and Other Equity Awards (page 96)**

At the effective time of the merger, subject to the terms and conditions of the merger agreement, each option granted by First Niagara to purchase shares of First Niagara common stock will be converted into an option to purchase KeyCorp common shares (rounded down to the nearest whole share), on the same terms and conditions, including vesting, as were applicable to such option prior to the merger, equal to the product of (i) the number of shares of First Niagara common stock subject to such First Niagara stock option multiplied by (ii) the sum of (a) the exchange ratio and (b) \$2.30 divided by the volume weighted average price of KeyCorp common shares on the NYSE for the five trading days ending the day prior to the effective time of the merger (we refer to such sum as the KeyCorp equity award exchange ratio), with an exercise price per KeyCorp common share (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (x) the exercise price per share of First Niagara common stock of such First Niagara stock option by (y) the KeyCorp equity award exchange ratio. At the effective time of the merger, subject to the terms and conditions of the merger agreement, each First Niagara restricted stock award and restricted stock unit

award will be converted into a number of shares, or into a restricted stock unit award for a number of shares (with any performance-based vesting conditions applicable to

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such restricted stock unit awards immediately prior to the effective time deemed satisfied at target level), respectively, of KeyCorp common shares (rounded down to the nearest whole share) equal to the product of (a) the number of shares of First Niagara common stock underlying such award multiplied by (b) the KeyCorp equity award exchange ratio, subject to the same terms and conditions, including vesting, as were applicable to such awards prior to the merger, plus a pro rata share of the merger consideration with respect to any fractional KeyCorp common shares subject to each restricted stock unit award. We refer to the First Niagara restricted options, First Niagara restricted stock awards and First Niagara restricted stock unit awards collectively as First Niagara equity awards.

### **Regulatory Approvals Required for the Merger (page 90)**

Completion of the merger is subject to various regulatory approvals, including approval from the Board of Governors of the Federal Reserve System (which we refer to as the Federal Reserve Board). Notifications and/or applications requesting approval for the merger may also be submitted to other federal and state regulatory authorities and self-regulatory organizations, including state insurance departments. KeyCorp and First Niagara have agreed to use their reasonable best efforts to obtain all required regulatory approvals. We have filed, or are in the process of filing, notices and applications to obtain the necessary regulatory approvals. Although we currently believe we should be able to obtain all required regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to KeyCorp or its subsidiaries after the completion of the merger or will contain any condition or restriction that would be more likely than not to have a material and adverse effect on KeyCorp and its subsidiaries, taken as a whole, giving effect to the merger (measured on a scale relative to First Niagara and its subsidiaries, taken as a whole) (which we refer to as a materially burdensome regulatory condition). The regulatory approvals to which completion of the merger are subject are described in more detail in the section of this joint proxy statement/prospectus entitled *Regulatory Approvals Required for the Merger* beginning on page 90.

### **Appraisal Rights (page 140)**

Under Section 262 of the DGCL, holders of shares of First Niagara common stock who do not vote in favor of the adoption of the merger agreement and who otherwise follow the procedures set forth in Section 262 of the DGCL (which we refer to as Section 262) will be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest. Shareholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their shares.

Any holder of shares of First Niagara common stock wishing to exercise appraisal rights must deliver to First Niagara, before the vote on the adoption of the merger agreement at the First Niagara special meeting, a written demand for the appraisal of the stockholder's shares, and that stockholder must not vote in favor of the adoption of the merger agreement. Failure to follow exactly the procedures specified under the DGCL will result in the loss of appraisal rights. See *Appraisal Rights* beginning on page 140 and *Section 262* attached to this joint proxy statement/prospectus as Appendix F.

### **Conditions to the Merger (page 105)**

The obligations of KeyCorp and First Niagara to complete the merger are each subject to the satisfaction (or waiver, if permitted) of the following conditions:

receipt of the requisite approval of the KeyCorp shareholders and First Niagara stockholders of the merger agreement and receipt of the requisite approval of the KeyCorp shareholders of the articles amendment;

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authorization for listing on the NYSE of the KeyCorp common shares and the new KeyCorp preferred stock to be issued in the merger;

the effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, and the absence of a stop order or proceeding initiated or threatened by the SEC for that purpose;

the receipt of all regulatory authorizations, consents, orders or approvals which are necessary to consummate the merger (and the failure of which to be obtained would reasonably be likely to have, individually or in the aggregate, a material adverse effect on the surviving company) and the expiration of all statutory waiting periods without the imposition of any materially burdensome regulatory condition;

the accuracy of the other party's representations and warranties as of the date of the merger agreement and as of the closing date of the merger, other than, in most cases, those failures to be true and correct that would not reasonably be likely to have a material adverse effect on the other party or the surviving company;

the prior performance in all material respects by the other party of the obligations required to be performed by it at or prior to the closing date of the merger; and

receipt by each party of an opinion from its counsel as to certain tax matters.

**No Solicitation (page 102)**

Under the terms of the merger agreement, First Niagara has agreed not to initiate, solicit, knowingly encourage or knowingly facilitate inquiries or proposals with respect to, or engage or participate in any negotiations concerning, or provide any confidential or nonpublic information or data to, or have or participate in any discussions with any person relating to, or enter into any binding acquisition agreement, merger agreement or other definitive transaction agreement (other than a confidentiality agreement described in this paragraph) relating to, any acquisition proposal. Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances, in response to an unsolicited bona fide written acquisition proposal which, in the good faith judgment of the First Niagara Board of Directors (after receiving the advice of its outside counsel and financial advisors), is or is more likely than not to result in a proposal which is superior to the merger with KeyCorp, if the First Niagara Board of Directors determines in good faith (after receiving the advice of its outside counsel and financial advisors) that failure to take such actions would reasonably be expected to violate its fiduciary duties under applicable law, First Niagara may furnish nonpublic information or data regarding First Niagara and participate in discussions or negotiations with such third party, provided that prior to providing any such nonpublic information or data, First Niagara will have entered into a confidentiality agreement with such third party on terms, in all material respects, no less favorable to it than the confidentiality agreement between First Niagara and KeyCorp.

**Termination; Termination Fee (page 106)**

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after adoption of the merger agreement by each of KeyCorp's and First Niagara's shareholders:



by mutual written consent of KeyCorp and First Niagara;

by either KeyCorp or First Niagara, if a required regulatory approval is denied by final, non-appealable action, or if a governmental entity has issued a final, non-appealable order, injunction or decree permanently enjoining or otherwise prohibiting or making illegal the closing of the merger, unless the failure to obtain a required regulatory approval is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party set forth in the agreement;

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by either KeyCorp or First Niagara, if the merger has not closed by the close of business on October 30, 2016, unless the failure to close by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party set forth in the agreement;

by either KeyCorp or First Niagara, if there is a breach by the other party that would, individually or in the aggregate with other breaches by such party, result in the failure of a closing condition, unless the breach is cured by the earlier of October 30, 2016 and 60 days following written notice of the breach (provided that the terminating party is not then in material breach of the merger agreement); or

by KeyCorp, if, (i) prior to the adoption by First Niagara stockholders of the merger agreement, the First Niagara Board of Directors (A) submits the merger agreement to its stockholders without a recommendation for adoption, or otherwise withdraws or materially and adversely modifies its recommendation for adoption (or publicly discloses an intention to do so), or recommends to its stockholders an acquisition proposal other than the merger agreement, or (B) materially breaches its obligation to call a stockholder meeting and recommend to its stockholders, in accordance with the terms of the merger agreement, the adoption of the merger agreement or to refrain from soliciting alternative acquisition proposals or (ii) a tender offer or exchange offer for 20% or more of First Niagara's outstanding shares of common stock is commenced (other than by KeyCorp or its subsidiaries) and the First Niagara Board of Directors recommends that First Niagara's stockholders tender or exchange their shares (or fails to recommend a rejection of such tender or exchange offer within ten business days).

First Niagara may be required to pay KeyCorp a termination fee of \$137.5 million in certain circumstances. See *The Merger Agreement Termination; Termination Fee* beginning on page 106.

**Litigation Related to the Merger (page 109)**

Certain litigation is pending in connection with the merger. See *Litigation Related to the Merger* beginning on page 109.

**Comparison of Shareholders' Rights (page 121)**

Following the merger, the rights of First Niagara stockholders who become KeyCorp shareholders in the merger will no longer be governed by the laws of the State of Delaware, First Niagara's restated certificate of incorporation (which we refer to as the "charter") and First Niagara's amended and restated bylaws (which we refer to as "bylaws") and instead will be governed by the laws of the State of Ohio, as well as by the KeyCorp articles and regulations. See *Comparison of Shareholders' Rights* beginning on page 121.

**Articles Amendment (page 45)**

At the KeyCorp special meeting, KeyCorp shareholders will be asked to approve the articles amendment proposal to modify the voting rights associated with KeyCorp's preferred stock as set forth on Appendix D-1 to this joint proxy statement/prospectus so that the voting rights associated with the new KeyCorp preferred stock are not materially less favorable to the holder thereof than the voting rights associated with the First Niagara preferred stock. KeyCorp shareholders must approve the articles amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the articles amendment proposal, the merger will not occur.

**Regulations Amendment (page 46)**

At the KeyCorp special meeting, KeyCorp shareholders will be asked to approve the regulations amendment proposal to increase the maximum size of KeyCorp's Board of Directors from sixteen to seventeen members. Approval of the regulations amendment proposal is not a condition to completion of the merger. If KeyCorp shareholders fail to approve the regulations amendment proposal, but approve the merger proposal and the articles amendment proposal, the merger may nonetheless occur.

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**Risk Factors (page 26)**

You should consider all the information contained in or incorporated by reference into this joint proxy statement/prospectus in deciding how to vote for the proposals presented in the joint proxy statement/prospectus. In particular, you should consider the factors described under *Risk Factors* beginning on page 26.

**The Parties (page 48)**

*KeyCorp*

127 Public Square

Cleveland, Ohio 44114

Phone: (216) 689-3000

KeyCorp is an Ohio business corporation that is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. KeyCorp was organized in 1958 and serves as the parent holding company for KeyBank National Association (which we refer to as *KeyBank* ), its principal subsidiary, through which it provides most of its banking services. As of December 31, 2014, KeyCorp had consolidated total assets of \$93.8 billion, deposits of \$72 billion and shareholders' equity of \$10.5 billion. KeyCorp and its subsidiaries had an average of 13,853 full-time equivalent employees for 2014.

*First Niagara Financial Group, Inc.*

726 Exchange Street, Suite 618

Buffalo, New York 14210

Phone: (716) 819-5500

First Niagara is a Delaware corporation and a bank holding company, subject to supervision and regulation by the Federal Reserve Board, serving both retail and commercial customers through its bank subsidiary, First Niagara Bank, National Association (which we refer to as *First Niagara Bank* ). At December 31, 2014, First Niagara had \$38.6 billion of assets, \$27.8 billion of deposits and \$4.1 billion of stockholders' equity.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA FOR KEYCORP**

The following table summarizes financial results achieved by KeyCorp for the periods and at the dates indicated and should be read in conjunction with KeyCorp's consolidated financial statements and the notes to the consolidated financial statements contained in reports that KeyCorp has previously filed with the SEC. Historical financial information for KeyCorp can be found in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and its Annual Report on Form 10-K for the year ended December 31, 2014. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus for instructions on how to obtain the information that has been incorporated by reference into this joint proxy statement/prospectus. Financial amounts as of and for the nine months ended September 30, 2015 and 2014 are unaudited (and are not necessarily indicative of the results of operations for the full year or any other interim period), but management of KeyCorp believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past periods and for the nine months ended September 30, 2015 and 2014 indicate results for any future period.

Dollars in millions, except per share data	Nine months ended		2014	Years ended December 31,			
	September 30, 2015	2014 (unaudited)		2013	2012	2011	2010 <sup>(a)</sup>
<b>RESULTS OF OPERATIONS FOR THE PERIOD</b>							
Interest income	\$ 1,949	\$ 1,908	\$ 2,554	\$ 2,620	\$ 2,705	\$ 2,889	\$ 3,408
Interest expense	203	197	261	295	441	622	897
Net interest income	1,746	1,711	2,293	2,325	2,264	2,267	2,511
Provision for credit losses	121	35	57	138	213	(88)	590
Net interest income after provision for credit losses	1,625	1,676	2,236	2,187	2,051	2,355	1,921
Noninterest income	1,395	1,307	1,797	1,766	1,856	1,688	1,954
Noninterest expense	2,104	2,057	2,761	2,812	2,834	2,712	3,082
Income (loss) from continuing operations before income taxes	916	926	1,272	1,141	1,073	1,331	793
Income taxes	230	232	326	271	231	364	186
Income (loss) from continuing operations	686	694	946	870	842	967	607
Income (loss) from discontinued operations, net of taxes <sup>(b)</sup>	5	(41)	(39)	40	23	(35)	(23)
Net income (loss)	691	653	907	910	865	932	584
Less: Net income (loss) attributable to noncontrolling interests	1	6	7		7	12	30
Net income (loss) attributable to Key	\$ 690	\$ 647	\$ 900	\$ 910	\$ 858	\$ 920	\$ 554

Income (loss) from continuing operations attributable to Key common shareholders	\$ 668	\$ 671	\$ 917	\$ 847	\$ 813	\$ 848	\$ 413
Net income (loss) attributable to Key common shareholders	673	630	878	887	836	813	390
<b>PER COMMON SHARE</b>							
Income (loss) from continuing operations attributable to Key common shareholders	\$ .79	\$ .77	\$ 1.05	\$ .93	\$ .87	\$ .91	\$ .47
Income (loss) from discontinued operations, net of taxes <sup>(b)</sup>	.01	(.05)	(.04)	.04	.02	(.04)	(.03)
Net income (loss) attributable to Key common shareholders <sup>(c)</sup>	.80	.72	1.01	.98	.89	.87	.45
Income (loss) from continuing operations attributable to Key common shareholders assuming dilution	\$ .78	\$ .76	\$ 1.04	\$ .93	\$ .86	\$ .91	\$ .47
Income (loss) from discontinued operations, net of taxes assuming dilution	.01	(.05)	(.04)	.04	.02	(.04)	(.03)
Net income (loss) attributable to Key common shareholders assuming dilution <sup>(c)</sup>	.79	.71	.99	.97	.89	.87	.44
Cash dividends paid	.215	.185	.25	.215	.18	.10	.04
Book value at period end	12.47	11.74	11.91	11.25	10.78	10.09	9.52
Dividend payout ratio	26.9%	25.7%	24.8%	21.9%	20.2%	11.49%	8.89%
Weighted-average common shares outstanding (000)	839,758	875,728	871,464	906,524	938,941	931,934	874,748
Weighted-average common shares and potential common shares outstanding (000)	847,371	882,451	878,199	912,571	943,259	935,801	878,153

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<i>dollars in millions, except per share data</i>	Nine months ended		2014	Years ended December 31,			2010 <sup>(a)</sup>
	2015	2014		2013	2012	2011	
	(unaudited)						
<b>BALANCE SHEET DATA AT PERIOD END</b>							
Loans	\$ 60,085	\$ 56,155	\$ 57,381	\$ 54,457	\$ 52,822	\$ 49,575	\$ 50,107
Earning assets	83,779	78,310	82,269	79,467	75,055	73,729	76,211
Total assets	95,422	89,784	93,821	92,934	89,236	88,785	91,843
Deposits	71,073	68,456	71,998	69,262	65,993	61,956	60,610
Long-term debt	10,310	7,172	7,875	7,650	6,847	9,520	10,592
Key common shareholders equity	10,415	10,195	10,239	10,012	9,980	9,614	8,380
Key shareholders equity	10,705	10,486	10,530	10,303	10,271	9,905	11,117
<b>PERFORMANCE RATIOS FROM CONTINUING OPERATIONS</b>							
Return on average total assets	1.00%	1.06%	1.08%	1.03%	1.03%	1.16%	.66%
Return on average common equity	8.67	8.84	9.01	8.48	8.25	9.17	5.06
Net interest margin (TE)	2.88	2.98	2.97	3.12	3.21	3.16	3.26
<b>PERFORMANCE RATIOS FROM CONSOLIDATED OPERATIONS</b>							
Return on average total assets	.99%	.95%	.99%	1.02%	.99%	1.04%	.59%
Return on average common equity	8.74	8.30	8.63	8.88	8.48	8.79	4.78
Net interest margin (TE)	2.85	2.94	2.94	3.02	3.13	3.09	3.16
Loan to deposit <sup>(e)</sup>	89.3	87.4	84.6	83.8	85.8	87.0	90.3
<b>CAPITAL RATIOS AT PERIOD END</b>							
Key shareholders equity to assets	11.22%	11.68%	11.22%	11.09%	11.51%	11.16%	12.10%
Key common shareholders equity to assets	10.91	11.36	10.91	10.78	11.18	10.83	9.12
Tier 1 risk-based capital	10.87	12.01	11.90	11.96	12.15	12.99	15.16
Total risk based capital	12.47	14.10	13.89	14.33	15.13	16.51	19.12
Leverage	10.68	11.15	11.26	11.11	11.41	11.79	13.02
<b>OTHER DATA</b>							
Average full-time equivalent employees	13,525	13,942	13,853	14,783	15,589	15,381	15,610
Branches	972	997	994	1,028	1,088	1,058	1,033

TE = Taxable-equivalent

- (a) Financial data was not adjusted to reflect the treatment of Victory Capital Management and/or Victory Capital Advisors (which we refer to as Victory ) as a discontinued operation.
- (b) In April 2009, KeyCorp decided to wind down the operations of Austin Capital Management, Ltd., a subsidiary that specialized in managing hedge fund investments for institutional customers. In September 2009, KeyCorp decided to discontinue the education lending business conducted through Key Education Resources, the education payment and financing unit of KeyBank. In February 2013, KeyCorp decided to sell Victory to a private equity fund. As a result of these decisions, KeyCorp has accounted for these businesses as discontinued operations.

- (c) EPS may not add due to rounding.
- (d) Assumes conversion of common share options and other stock awards and/or convertible preferred stock, as applicable.
- (e) Represents period-end consolidated total loans and loans held for sale (excluding education loans in securitizations trusts for periods prior to 2014) divided by period-end consolidated total deposits (excluding deposits in foreign office).



**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA FOR FIRST NIAGARA**

The following table summarizes financial results achieved by First Niagara for the periods and at the dates indicated and should be read in conjunction with First Niagara's consolidated financial statements and the notes to the consolidated financial statements contained in reports that First Niagara has previously filed with the SEC. Historical financial information for First Niagara can be found in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and its Annual Report on Form 10-K for the year ended December 31, 2014. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus for instructions on how to obtain the information that has been incorporated by reference into this joint proxy statement/prospectus. Financial amounts as of and for the nine months ended September 30, 2015 and 2014 are unaudited (and are not necessarily indicative of the results of operations for the full year or any other interim period), but management of First Niagara believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past periods and for the nine months ended September 30, 2015 and 2014 indicate results for any future period.

Amounts in millions, except per share amounts	Nine months ended September 30, 2015		Years ended December 31,					
	2015 (unaudited)	2014 <sup>(a)</sup>	2014 <sup>(a)</sup>	2013	2012 <sup>(b)</sup>	2011 <sup>(c)</sup>	2010 <sup>(d)</sup>	
<b>RESULTS OF OPERATIONS FOR THE PERIOD</b>								
Interest income	\$ 894	\$ 906	\$ 1,207	\$ 1,210	\$ 1,176	\$ 1,065	\$ 746	
Interest expense	105	90	122	117	153	184	148	
Net interest income	790	816	1,086	1,093	1,023	881	598	
Provision for credit losses	53	60	96	105	92	58	49	
Net interest income after provision for credit losses	736	756	990	988	931	823	549	
Noninterest income <sup>(e)</sup>	252	233	310	366	360	245	187	
Structuring charges	18	13	22		6	43		
Goodwill impairment		1,100	1,100					
Deposit account remediation		45	22					
Merger and acquisition integration expenses					178	98	50	
Other noninterest expense	736	732	980	931	867	666	473	
Income (loss) before income tax expense (benefit)	234	(901)	(824)	423	239	262	212	
Income tax expense (benefit)	61	(117)	(109)	128	71	88	72	
Net income (loss)	173	(784)	(715)	295	168	174	140	
Preferred stock dividend	23	23	30	30	28			
Net income (loss) available to First Niagara common stockholders	\$ 150	\$ (807)	\$ (745)	\$ 265	\$ 141	\$ 174	\$ 140	

**PER COMMON SHARE**

Basic earnings (loss) per share	\$ .42	\$ (2.31)	\$ (2.13)	\$ .75	\$ .40	\$ .64	\$ .70
Adjusted earnings (loss) per share	.42	(2.31)	(2.13)	.75	.40	.64	.70
Cash dividends paid	.24	.24	.32	.32	.32	.64	.57
Book value at period end <sup>(f)</sup>	10.82	10.72	10.71	13.31	13.15	12.79	13.42
Dividend payout ratio	57.14%	N/M	N/M	42.67%	80.00%	100.00%	81.43
Weighted-average common shares outstanding (000)	351,055	350,174	350,237	349,549	348,960	271,301	200,274
Weighted-average common shares and potential common shares outstanding (000)	352,847	350,174	350,237	350,381	349,368	271,612	200,596

**BALANCE SHEET DATA AT PERIOD**

Goodwill	\$ 23,427	\$ 22,547	\$ 22,803	\$ 21,230	\$ 19,547	\$ 16,352	\$ 10,388
Intangible assets, net	36,100	34,721	35,310	33,396	32,322	29,284	18,922
Total assets	39,413	37,972	38,551	37,628	36,806	32,811	21,084
Accounts payable	28,816	27,670	27,781	26,665	27,677	19,405	13,149
Long-term debt	1,783	734	734	734	732	5,918	3,105
East Niagara common stockholders equity	3,801	3,758	3,755	4,655	4,589	4,460	2,765
West Niagara stockholders equity	4,139	4,096	4,093	4,993	4,927	4,798	2,765

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<i>dollars in millions, except per share amounts</i>	Nine months ended September 30,		2014 <sup>(a)</sup>	Years ended December 31,			
	2015	2014 <sup>(a)</sup>		2013	2012 <sup>(b)</sup>	2011 <sup>(c)</sup>	2010 <sup>(d)</sup>
<b>PERFORMANCE RATIOS <sup>(g)</sup></b>							
Return on average total assets	.59%	(2.74)%	(1.87)%	.80%	.48%	.62%	.74%
Return on average common equity	5.28	(22.80)	(16.57)	5.73	3.09	4.71	5.23
Net interest margin (TE)	3.02	3.27	3.23	3.39	3.34	3.58	3.64
Loan to deposit <sup>(h)</sup>	82.3	82.4	83.1	80.6	71.8	85.4	80.0
<b>CAPITAL RATIOS AT PERIOD END</b>							
First Niagara stockholders' equity to assets	10.50%	10.79%	10.62%	13.27%	13.39%	14.62%	13.11%
First Niagara common stockholders' equity to assets	9.64	9.90	9.74	12.37	12.47	13.59	13.11
Tier 1 risk-based capital	10.05	9.82	9.81	9.56	9.29	15.60	13.54
Total risk-based capital	11.97	11.75	11.75	11.53	11.23	17.84	14.35
Leverage	7.66	7.34	7.50	7.26	6.75	9.97	8.14
<b>OTHER DATA</b>							
Average full-time equivalent employees	5,397	5,768	5,572	5,807	5,927	4,827	3,791
Branches	394	411	411	421	430	333	257

TE = Taxable-equivalent

N/M = Not meaningful

(a) Includes the impact of the deposit account remediation and \$1.1 billion goodwill impairment charge.

(b) Includes the impact of the HSBC branch acquisition on May 18, 2012.

(c) Includes the impact of the merger with NewAlliance Bancshares, Inc. on April 15, 2011.

(d) Includes the impact of the merger with Harleysville National Corporation on April 9, 2010.

(e) Includes \$21 million gain on sale of mortgage-backed securities from the securities portfolio repositioning in 2012.

(f) Excludes unallocated employee stock ownership plan shares and unvested restricted stock shares.

(g) Computed using daily averages.

(h) Numerator comprises total loans and loans held for sale.

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**SUMMARY UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

The following table shows unaudited pro forma financial information about the financial condition and results of operations, including per share data, after giving effect to the merger and other pro forma adjustments. The unaudited pro forma financial information assumes that the merger is accounted for under the purchase method of accounting, and that the assets and liabilities of First Niagara will be recorded by KeyCorp at their respective fair values as of the date the merger is completed. The unaudited pro forma condensed combined balance sheet gives effect to the transactions as if the transactions had occurred on September 30, 2015. The unaudited pro forma condensed combined income statements for the nine months ended September 30, 2015, and the year ended December 31, 2014, give effect to the transactions as if the transactions had become effective at January 1, 2014. The unaudited selected pro forma combined financial information has been derived from and should be read in conjunction with the consolidated financial statements and related notes of KeyCorp, which are incorporated in this joint proxy statement/prospectus by reference, the consolidated financial statements and related notes of First Niagara, which are incorporated in this joint proxy statement/prospectus by reference, and the more detailed unaudited pro forma condensed combined financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus and *Unaudited Pro Forma Combined Condensed Consolidated Financial Information* beginning on page 113.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined at the beginning of each period presented, nor the impact of possible business model changes. The unaudited pro forma condensed combined financial information also does not consider any potential effects of changes in market conditions on revenues, expense efficiencies, asset dispositions, and share repurchases, among other factors, including those discussed in the section entitled *Risk Factors* beginning on page 26. In addition, as explained in more detail in the accompanying notes to the *Unaudited Pro Forma Combined Condensed Consolidated Financial Information* beginning on page 113, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma condensed combined financial information is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon completion of the merger.

<i>in millions</i>	<b>Nine months ended September 30, 2015 <sup>(a)</sup></b>	<b>Year ended December 31, 2014 <sup>(a)</sup></b>
<b>Statements of Income</b>		
Net interest income	\$2,603	\$ 3,490
Provision for credit losses	174	153
Net interest income after provision for credit losses	2,428	3,337
Noninterest income	1,647	2,107
Noninterest expense	2,895	4,934
Income from continuing operations before income taxes	1,180	510
Income taxes	303	241

Income from continuing operations	\$ 877	\$ 269 <sup>(b)</sup>
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**As of September 30, 2015****Balance Sheet**

Securities investments	\$	31,272
Net loans		82,237
Total assets		134,101
Deposits		99,858
Long-term debt		11,977
Total shareholders equity		14,257

(a) Totals may not add due to rounding.

(b) Includes goodwill impairment of \$1.1 billion for the year ended December 31, 2014.

**Table of Contents****UNAUDITED COMPARATIVE PER COMMON SHARE DATA**

The following table sets forth the basic earnings, diluted earnings, cash dividend, and book value per common share data for KeyCorp and First Niagara on a historical basis and on a pro forma combined basis, for the nine months ended September 30, 2015, and the basic earnings, diluted earnings and cash dividend per common share for the year ended December 31, 2014. The unaudited pro forma data was derived by combining the historical financial information of KeyCorp and First Niagara using the acquisition method of accounting for business combinations, assumes the transaction is completed as contemplated and represents a current estimate based on available information of the combined company's results of operations. The unaudited pro forma data and equivalent per share information gives effect to the merger as if the transaction had been effective on the dates presented, in the case of the book value data, and as if the transactions had become effective on January 1, 2014, in the case of the earnings per share and dividends declared data. The pro forma financial adjustments record the assets and liabilities of First Niagara at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analysis is performed.

The unaudited pro forma data below should be read in conjunction with KeyCorp's and First Niagara's audited financial statements for the year ended December 31, 2014 and their respective unaudited financial statements for the nine months ended September 30, 2015. This information is presented for illustrative purposes only. You should not rely on the unaudited pro forma data or equivalent amounts presented below as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of merger- and integration-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. The information below should be read in conjunction with *Unaudited Pro Forma Combined Condensed Consolidated Financial Information* beginning on page 113.

	<b>KeyCorp As Reported</b>	<b>First Niagara As Reported</b>	<b>Pro Forma Combined KeyCorp <sup>(a)</sup></b>	<b>Pro Forma Equivalent Per Share Information <sup>(b)</sup></b>
<b>For the nine months ended September 30, 2015:</b>				
Basic earnings per share from continuing operations	\$ .79	\$ .42	\$ .77	\$ .52
Diluted earnings per share from continuing operations	.78	.42	.77	.52
Cash dividends <sup>(c)</sup>	.215	.24	.215	.15
Book value at September 30, 2015 <sup>(d)</sup>	12.47	10.82	12.66	8.61
<b>For the year ended December 31, 2014:</b>				
Basic earnings (loss) per share from continuing operations	\$ 1.05	\$ (2.13)	\$ .19	\$ .13
Diluted earnings (loss) per share from continuing operations	1.04	(2.13)	.19	.13
Cash dividends <sup>(c)</sup>	.25	.32	.25	.17

- (a) Pro forma earnings per share are based on pro forma combined net income and pro forma combined weighted-average common shares outstanding at the end of the period.
- (b) Pro forma equivalent per share information is calculated based on pro forma combined multiplied by the applicable exchange ratio of 0.680.
- (c) Pro forma dividends per share represent KeyCorp's historical dividends per share.
- (d) Book value per common share is calculated based on pro forma combined equity and pro forma combined common shares outstanding at the end of the period.

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

The table below sets forth, for the calendar quarters indicated, the high and low sales prices, as well as the dividend paid, per KeyCorp common share, which trades on the NYSE under the symbol KEY, and per share of First Niagara common stock, which trades on the NASDAQ under the symbol FNFG.

	KeyCorp Common Shares			First Niagara Common Stock		
	High	Low	Dividend	High	Low	Dividend
<b>2013</b>						
First Quarter	\$ 10.19	\$ 8.29	\$ .050	\$ 8.94	\$ 7.68	\$ .08
Second Quarter	11.09	9.29	.055	10.17	8.79	.08
Third Quarter	12.63	11.05	.055	11.02	9.78	.08
Fourth Quarter	13.55	11.24	.055	11.34	10.14	.08
<b>2014</b>						
First Quarter	\$ 14.70	\$ 12.25	\$ .055	\$ 10.65	\$ 8.19	\$ .08
Second Quarter	14.59	12.90	.065	9.61	8.27	.08
Third Quarter	14.62	12.97	.065	9.05	8.32	.08
Fourth Quarter	14.18	11.55	.065	8.61	7.00	.08
<b>2015</b>						
First Quarter	\$ 14.74	\$ 12.04	\$ .065	\$ 9.20	\$ 7.42	\$ .08
Second Quarter	15.70	13.90	.075	9.86	8.45	.08
Third Quarter	15.46	12.65	.075	10.57	8.54	.08
Fourth Quarter (through [ ])						

On October 29, 2015, the last trading day before the public announcement of the signing of the merger agreement, the closing sale price per KeyCorp common share on the NYSE was \$13.38 and the closing sale price per share of First Niagara common stock on the NASDAQ was \$10.38. On [ ], 2015, the latest practicable trading date before the date of this joint proxy statement/prospectus, the last sale price per KeyCorp common share on the NYSE was \$[ ] and the last sale price per share of First Niagara common stock on the NASDAQ was \$[ ].



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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not limited to, KeyCorp's and First Niagara's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as believe, expect, anticipate, intend, target, estimate, continue, positions, plan, project, forecast, guidance, goal, objective, prospects, possible or potential, by future conditional verbs such as assume, will, would, should, could or may, or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made and we assume no duty to update forward-looking statements. Actual results may differ materially from current projections.

In addition to factors previously disclosed in KeyCorp's and First Niagara's reports filed with the SEC and those identified elsewhere in this filing (including the *Risk Factors* beginning on page 26), the following factors among others, could cause actual results to differ materially from forward-looking statements or historical performance:

the ability to satisfy closing conditions to the merger, including the approval by KeyCorp and First Niagara stockholders, on the expected terms and schedule;

the ability to obtain regulatory approvals required to complete the merger, and the timing and conditions for such approvals, including conditions that could reduce the expected synergies and other benefits of the merger, result in a material delay or the abandonment of the merger or otherwise have an adverse impact on the surviving company;

delay in closing the merger;

difficulties and delays in integrating the KeyCorp and First Niagara businesses or fully realizing cost savings and other benefits;

business disruptions resulting from or following the merger;

changes in asset quality and credit risk;

the inability to sustain revenue and earnings growth;

changes in interest rates and capital markets;

inflation;

customer acceptance of KeyCorp's and First Niagara's products and services;

customer borrowing, repayment, investment and deposit practices;

customer disintermediation;

the introduction, withdrawal, success and timing of business initiatives;

competitive conditions;

the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions and divestiture;

economic conditions; and

the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

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**RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the caption *Forward-Looking Statements*, you should carefully consider the following risk factors in deciding how to vote on the proposals presented in this joint proxy statement/prospectus. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus and *Incorporation of Certain Documents by Reference* beginning on page 144.*

**Risks Related to the Merger**

*Because the Market Price of KeyCorp Common Shares Will Fluctuate, First Niagara Stockholders Cannot Be Sure of the Value of the Merger Consideration They Will Receive.*

Upon completion of the merger, each share of First Niagara common stock will be converted into the per share merger consideration consisting of KeyCorp common shares and cash pursuant to the terms of the merger agreement. The stock portion of the merger consideration that First Niagara stockholders will receive is a fixed number of KeyCorp common shares; it is not a number of shares with a particular fixed market value. See *The Merger Terms of the Merger* beginning on page 50. The market value of KeyCorp common shares and First Niagara common stock at the effective time of the merger may vary significantly from their respective values on the date the merger agreement was executed or at other dates, including the date on which First Niagara stockholders vote on the adoption of the merger agreement. Because the exchange ratio relating to the stock portion of the merger consideration is fixed at 0.680 and will not be adjusted to reflect any changes in the market value of KeyCorp common shares or First Niagara common stock, the market value of the KeyCorp common shares issued in connection with the merger and the First Niagara common stock converted in connection with the merger may be higher or lower than the values of those shares on earlier dates, and may be higher or lower than the value used to determine the exchange ratio. Accordingly, at the time of the First Niagara special meeting, First Niagara stockholders will not know or be able to calculate the market value of the KeyCorp common shares they would receive upon the completion of the merger. Stock price changes may result from a variety of factors, including changes in the business, operations or prospects of KeyCorp or First Niagara, regulatory considerations, and general business, market, industry or economic conditions. Many of these factors are outside of the control of KeyCorp and First Niagara.

*First Niagara Stockholders Will Have a Reduced Ownership and Voting Interest After the Merger and Will Exercise Less Influence Over Management.*

First Niagara stockholders currently have the right to vote in the election of the First Niagara Board of Directors and on other matters requiring stockholder approval under Delaware law and First Niagara's charter and bylaws. Upon the completion of the merger, each First Niagara stockholder will become a shareholder of KeyCorp with a percentage ownership of KeyCorp that is smaller than such stockholder's percentage ownership of First Niagara. Additionally, only three out of the expected seventeen members of the KeyCorp Board of Directors after the completion of the merger will be designated by First Niagara upon the completion of the merger. Based on the number of issued and outstanding KeyCorp common shares and shares of First Niagara common stock on [ ], 2015, and based on the exchange ratio of 0.680, stockholders of First Niagara, as a group, will receive shares in the merger constituting approximately [ ]% of KeyCorp common shares expected to be outstanding immediately after the merger (without giving effect to any KeyCorp common shares held by First Niagara stockholders prior to the merger). Because of this, current First Niagara stockholders, as a group, will have less influence on the Board of Directors, management and policies of KeyCorp (as the combined company following the merger) than they now have on the Board of Directors, management and policies of First Niagara.



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*The Market Price of KeyCorp Common Shares After the Merger May be Affected by Factors Different from Those Currently Affecting the Prices of KeyCorp Common Shares and First Niagara Common Stock.*

Upon completion of the merger, holders of First Niagara common stock will become holders of KeyCorp common shares. KeyCorp's businesses differ from those of First Niagara, and accordingly the results of operations of KeyCorp will be affected by some factors that are different from those currently affecting the results of operations of First Niagara. For example, KeyCorp operates in certain states of the United States, including Alaska, Colorado, Idaho, Indiana, Maine, Michigan, Ohio, Oregon, Utah, Vermont and Washington, where First Niagara does not. Accordingly, the results of operations of KeyCorp will be affected by business and other developments in those areas of the country to a larger extent than those of First Niagara. Furthermore, KeyCorp operates a significant segment called Key Corporate Bank, which includes a broker-dealer, KeyBanc Capital Markets Inc., while First Niagara does not. Key Corporate Bank is a full-service corporate and investment bank focused principally on serving the needs of middle market clients in seven industry sectors: consumer, energy, healthcare, industrial, public sector, real estate, and technology. Key Corporate Bank delivers a broad product suite of banking and capital markets products to its clients, including syndicated finance, debt and equity capital markets, commercial payments, equipment finance, commercial mortgage banking, derivatives, foreign exchange, financial advisory, and public finance. Key Corporate Bank is also a significant servicer of commercial mortgage loans and a significant special servicer of commercial mortgage-backed securities. Accordingly, the results of operations of KeyCorp will be affected by the business of the corporate bank, unlike the results of operations of First Niagara. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus and *Incorporation of Certain Documents by Reference* beginning on page 144.

*KeyCorp May Fail to Realize the Anticipated Benefits of the Merger.*

KeyCorp and First Niagara have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend on, among other things, KeyCorp's ability to combine the businesses of KeyCorp and First Niagara in a manner that permits growth opportunities, including, among other things, enhanced revenues and revenue synergies, an expanded market reach and operating efficiencies, and does not materially disrupt the existing customer relationships of KeyCorp or First Niagara nor result in decreased revenues due to any loss of customers. If KeyCorp is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could have an adverse effect on the surviving corporation's business, financial condition, operating results and prospects.

Certain employees may not be employed by KeyCorp after the merger. In addition, employees that KeyCorp wishes to retain may elect to terminate their employment as a result of the merger, which could delay or disrupt the integration process. It is possible that the integration process could result in the disruption of KeyCorp's or First Niagara's ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect the ability of KeyCorp or First Niagara to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

Among the factors considered by the Boards of Directors of KeyCorp and First Niagara in connection with their respective approvals of the merger agreement were the benefits that could result from the merger. There can be no assurance that these benefits will be realized within the time periods contemplated or at all.

*Regulatory Approvals May Not Be Received, May Take Longer than Expected or May Impose Conditions that Are Not Presently Anticipated or Cannot Be Met.*

Before the transactions contemplated in the merger agreement can be completed, various approvals must be obtained from the bank regulatory and other governmental authorities. In deciding whether to grant antitrust or regulatory clearances, the relevant governmental entities will consider a variety of factors, including the

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regulatory standing of each of the parties and the effect of the merger on competition within their relevant jurisdiction. An adverse development in either party's regulatory standing or other factors could result in an inability to obtain one or more of the required regulatory approvals or delay their receipt. The terms and conditions of the approvals that are granted may impose requirements, limitations or costs, or place restrictions on the conduct of the combined company's business or require branch divestitures. The level of divestitures required by the relevant governmental entities might be unacceptable to the parties, or could delay the closing of the merger or diminish the anticipated benefits of the merger. KeyCorp and First Niagara believe that the merger should not raise significant regulatory concerns and that KeyCorp will be able to obtain all requisite regulatory approvals in a timely manner. If required by regulatory authorities, KeyCorp will divest branches in certain areas in a manner sufficient to eliminate such regulatory authorities' competitive concerns. Despite the parties' commitments to use their reasonable best efforts to comply with conditions imposed by regulatory entities, under the terms of the merger agreement, KeyCorp and First Niagara will not be required to take actions that would be more likely than not to have a material and adverse effect on KeyCorp and its subsidiaries, taken as a whole, giving effect to the merger (measured on a scale relative to First Niagara and its subsidiaries, taken as a whole). There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying the completion of the merger, imposing additional material costs on or materially limiting the revenues of the combined company following the merger or otherwise reduce the anticipated benefits of the merger if the merger were consummated successfully within the expected timeframe. In addition, neither KeyCorp nor First Niagara can provide assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. Additionally, the completion of the merger is conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency of competent jurisdiction that would prohibit or make illegal the completion of the merger. See *Regulatory Approvals Required for the Merger* beginning on page 90.

*The Merger Agreement May Be Terminated in Accordance with Its Terms and the Merger May Not Be Completed.*

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include: approval of the merger agreement by First Niagara and KeyCorp shareholders, as well as approval of the amendment to KeyCorp's articles by KeyCorp's shareholders, receipt of certain requisite regulatory approvals, absence of orders prohibiting completion of the merger, effectiveness of the registration statement of which this joint proxy statement/prospectus is a part, approval of the KeyCorp common shares and the new KeyCorp preferred stock to be issued to First Niagara common and preferred stockholders, as applicable, for listing on the NYSE, the accuracy of the representations and warranties by both parties (subject to the materiality standards set forth in the merger agreement) and the performance by both parties of their covenants and agreements, and the receipt by both parties of legal opinions from their respective tax counsels. These conditions to the closing of the merger may not be fulfilled in a timely manner or at all, and, accordingly, the merger may not be completed. In addition, the parties can mutually decide to terminate the merger agreement at any time, before or after shareholder approval, or KeyCorp or First Niagara may elect to terminate the merger agreement in certain other circumstances. See *The Merger Agreement Termination; Termination Fee* beginning on page 106.

*Termination of the Merger Agreement Could Negatively Impact First Niagara.*

If the merger is not completed for any reason, including as a result of First Niagara stockholders or KeyCorp shareholders declining to approve the merger agreement, the ongoing business of First Niagara may be adversely impacted and, without realizing any of the anticipated benefits of completing the merger, First Niagara would be subject to a number of risks, including the following:

First Niagara may experience negative reactions from the financial markets, including negative impacts on its stock price (including to the extent that the current market price reflects a market assumption that the merger will be completed);



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First Niagara may experience negative reactions from its customers, vendors and employees;

First Niagara will have incurred substantial expenses and will be required to pay certain costs relating to the merger, whether or not the merger is completed;

the merger agreement places certain restrictions on the conduct of First Niagara's businesses prior to completion of the merger. Such restrictions, the waiver of which is subject to the consent of KeyCorp (not to be unreasonably withheld, conditioned or delayed), may prevent First Niagara from making certain acquisitions or taking certain other specified actions during the pendency of the merger (see the section entitled *The Merger Agreement Covenants and Agreements* beginning on page 96 of this joint proxy statement/prospectus for a description of the restrictive covenants applicable to First Niagara); and matters relating to the merger (including integration planning) will require substantial commitments of time and resources by First Niagara management, which would otherwise have been devoted to other opportunities that may have been beneficial to First Niagara as an independent company.

If the merger agreement is terminated and First Niagara's Board of Directors seeks another merger or business combination, First Niagara stockholders cannot be certain that First Niagara will be able to find a party willing to offer equivalent or more attractive consideration than the consideration KeyCorp has agreed to provide in the merger, or that such other merger or business combination will be completed. If the merger agreement is terminated under certain circumstances, First Niagara may be required to pay a termination fee of \$137.5 million to KeyCorp. See *The Merger Agreement Termination; Termination Fee* on page 106.

*First Niagara Will Be Subject to Business Uncertainties and Contractual Restrictions While the Merger Is Pending.*

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on First Niagara and consequently on KeyCorp. These uncertainties may impair First Niagara's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with First Niagara to seek to change existing business relationships with First Niagara. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, KeyCorp's business following the merger could be negatively impacted. In addition, the merger agreement restricts First Niagara from making certain acquisitions and taking other specified actions without the consent of KeyCorp until the merger occurs. These restrictions may prevent First Niagara from pursuing attractive business opportunities that may arise prior to the completion of the merger. See *The Merger Agreement Covenants and Agreements* beginning on page 96.

*First Niagara Directors and Officers May Have Interests in the Merger Different From the Interests of First Niagara Stockholders.*

The interests of some of the directors and executive officers of First Niagara may be different from those of First Niagara stockholders, and directors and officers of First Niagara may be participants in arrangements that are different from, or are in addition to, those of First Niagara stockholders. See *The Merger Interests of First Niagara Directors and Executive Officers in the Merger* beginning on page 83.

*The Merger Agreement Contains Provisions that May Discourage Other Companies from Trying to Acquire First Niagara for Greater Merger Consideration.*

The merger agreement contains provisions that may discourage a third party from submitting a business combination proposal to First Niagara that might result in greater value to First Niagara's stockholders than the merger or may result in a potential competing acquirer proposing to pay a lower per share price to acquire First

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Niagara than it might otherwise have proposed to pay absent such provisions. These provisions include a general prohibition on First Niagara from soliciting, or, subject to certain exceptions relating to the exercise of fiduciary duties by First Niagara's Board of Directors, entering into discussions with any third party regarding any acquisition proposal or offers for competing transactions. First Niagara also has an unqualified obligation to submit the proposal to approve the merger to a vote by its stockholders, even if First Niagara receives an alternative acquisition proposal that its Board of Directors believes is superior to the merger, unless the merger agreement has been terminated in accordance with its terms. In addition, First Niagara may be required to pay KeyCorp a termination fee of \$137.5 million upon termination of the merger agreement in certain circumstances involving acquisition proposals for competing transactions. See *The Merger Agreement Termination; Termination Fee* beginning on page 106.

*The Unaudited Pro Forma Combined Condensed Consolidated Financial Information Included in This Joint Proxy Statement/Prospectus Is Preliminary and the Actual Financial Condition and Results of Operations After the Merger May Differ Materially.*

The unaudited pro forma financial information included in this joint proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the merger been completed on the date(s) indicated. The preparation of the pro forma financial information is based upon available information and certain assumptions and estimates that KeyCorp and First Niagara currently believe are reasonable. The unaudited pro forma financial information reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to First Niagara's net assets. The purchase price allocation reflected in this joint proxy statement/prospectus is preliminary, and the final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of First Niagara as of the date of the completion of the merger. In addition, following the completion of the merger, there may be further refinements of the purchase price allocation as additional information becomes available. Accordingly, the final purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus. See *Unaudited Pro Forma Combined Condensed Consolidated Financial Information* beginning on page 113.

*The Opinions of First Niagara's and KeyCorp's Financial Advisors Will Not Reflect Changes in Circumstances Between the Signing of the Merger Agreement and the Completion of the Merger.*

First Niagara and KeyCorp have not obtained updated opinions from their respective financial advisors as of the date of this joint proxy statement/prospectus. Changes in the operations and prospects of First Niagara or KeyCorp, general market and economic conditions and other factors that may be beyond the control of First Niagara or KeyCorp, and on which First Niagara's and KeyCorp's financial advisors' opinions were based, may significantly alter the value of First Niagara or the prices of the KeyCorp common shares or shares of First Niagara common stock by the time the merger is completed. The opinions do not speak as of the time the merger will be completed or as of any date other than the date of such opinions. Because First Niagara and KeyCorp do not currently anticipate asking their respective financial advisors to update their opinions, the opinions will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. See *The Merger Opinion of First Niagara's Financial Advisor* beginning on page 62 and *The Merger Opinion of KeyCorp's Financial Advisor* beginning on page 74.

*KeyCorp and First Niagara Will Incur Transaction and Integration Costs in Connection with the Merger.*

Each of KeyCorp and First Niagara has incurred and expects that it will incur significant, non-recurring costs in connection with consummating the merger. In addition, KeyCorp will incur integration costs following the completion of the merger as KeyCorp integrates the businesses of the two companies, including facilities and systems consolidation costs and employment-related costs. There can be no assurances that the expected benefits and

efficiencies related to the integration of the businesses will be realized to offset these transaction and integration costs over time. See the risk factor entitled *KeyCorp May Fail to Realize the Anticipated Benefits*

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*of the Merger* above. KeyCorp and First Niagara may also incur additional costs to maintain employee morale and to retain key employees. KeyCorp and First Niagara will also incur significant legal, financial advisor, accounting, banking and consulting fees, fees relating to regulatory filings and notices, SEC filing fees, printing and mailing fees and other costs associated with the merger. Some of these costs are payable regardless of whether the merger is completed. See *The Merger Agreement Fees and Expenses* beginning on page 108.

*First Niagara Stockholders Will Become Shareholders of an Ohio Corporation and Will Have Their Rights As Shareholders Governed by KeyCorp's Organizational Documents and Ohio Law.*

As a result of the completion of the merger, holders of shares of First Niagara common stock, First Niagara stock options, First Niagara restricted stock awards, First Niagara restricted stock unit awards and First Niagara preferred stock will become holders of KeyCorp common shares, KeyCorp stock options, KeyCorp restricted stock awards, KeyCorp restricted stock unit awards and new KeyCorp preferred stock, which will be governed by KeyCorp's organizational documents and the Ohio General Corporation Law. As a result, there will be differences between the rights currently enjoyed by First Niagara stockholders and the rights they expect to have as shareholders of the combined company. See *Comparison of Shareholders' Rights* beginning on page 121.

*Pending Litigation Against First Niagara and KeyCorp Could Result in an Injunction Preventing the Completion of the Merger or a Judgment Resulting in the Payment of Damages.*

In connection with the merger, several putative class action lawsuits have been filed by purported First Niagara stockholders alleging claims against First Niagara, the members of the First Niagara's Board of Directors, and KeyCorp. Among other remedies, the purported plaintiffs seek to enjoin the merger. The outcome of any such litigation is uncertain. If the cases are not resolved, these lawsuits could prevent or delay the completion of the merger and result in significant costs to First Niagara and/or KeyCorp, including any costs associated with the indemnification of directors and officers. Plaintiffs may file additional lawsuits against KeyCorp, First Niagara and/or the directors and officers of either company in connection with the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect KeyCorp's business, financial condition, results of operations and cash flows. See *Litigation Related to the Merger* on page 109.

**Additional Risks Relating to the New KeyCorp Preferred Stock**

*KeyCorp's Creditworthiness May Affect the Market Value of the New KeyCorp Preferred Stock.*

The value of the new KeyCorp preferred stock will be affected, among other things, by KeyCorp's general creditworthiness. For a discussion and analysis of known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on KeyCorp's business, financial condition or results of operations, you should review the KeyCorp documents incorporated by reference into this joint proxy statement/prospectus. See *Incorporation of Certain Documents by Reference* beginning on page 144.

*Changes in Credit Ratings May Affect the Market Value of the New KeyCorp Preferred Stock.*

Real or anticipated changes in credit ratings on KeyCorp or the new KeyCorp preferred stock may affect the market value of the new KeyCorp preferred stock. In addition, real or anticipated changes in credit ratings can affect the cost at which KeyCorp can transact or obtain funding, and thereby affect KeyCorp's liquidity, business, financial condition or results of operations.

*In the Event of KeyCorp's Insolvency, the New KeyCorp Preferred Stock Will Rank Junior to Other Securities.*

In the event of KeyCorp's insolvency, any new KeyCorp preferred stock issued and outstanding will rank equally with KeyCorp's other outstanding series of preferred stock. If KeyCorp becomes insolvent or is wound up, its assets must be used to pay its deposit liabilities and other debt, including subordinated debt, before payments may be made on KeyCorp's preferred stock, including the new KeyCorp preferred stock.

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*Yields on Similar Securities Will Affect the Market Value of the New KeyCorp Preferred Stock.*

Prevailing yields on securities similar to the new KeyCorp preferred stock will affect the market value of the new KeyCorp preferred stock. Assuming all other factors remain unchanged, the market value of the new KeyCorp preferred stock will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

**Additional Risks Relating to KeyCorp and First Niagara After the Merger**

KeyCorp's and First Niagara's businesses are, and will continue to be, subject to the risks described in (i) Part I, Item 1A in KeyCorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and (ii) Part I, Item 1A in First Niagara's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, in each case, as such risks may be updated or supplemented in each company's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference in this joint proxy statement/prospectus. See *Incorporation of Certain Documents by Reference* beginning on page 144.

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**FIRST NIAGARA SPECIAL MEETING OF STOCKHOLDERS**

**Date, Time and Place**

The special meeting of First Niagara stockholders will be held on [ ], at [ ] local time, on [ ]. On or about [ ], First Niagara commenced mailing this joint proxy statement/prospectus and the enclosed form of proxy to its stockholders entitled to vote at the First Niagara special meeting.

**Purpose of First Niagara Special Meeting**

At the First Niagara special meeting, First Niagara stockholders will be asked to vote on the following proposals:

to adopt the merger agreement, a copy of which is attached as Appendix A to this joint proxy statement/prospectus;

to approve, on a non-binding, advisory basis, the compensation to be paid to First Niagara's named executive officers that is based on or otherwise relates to the merger, discussed under the section entitled *The Merger Interests of First Niagara Directors and Executive Officers in the Merger* beginning on page 83; and

to approve one or more adjournments of the First Niagara special meeting, if necessary or appropriate to permit further solicitation of proxies in favor of the merger proposal.

**Recommendation of the First Niagara Board of Directors**

The First Niagara Board of Directors recommends that you vote **FOR** the merger proposal, **FOR** the merger-related compensation proposal and **FOR** the First Niagara adjournment proposal (if necessary or appropriate). See *The Merger Recommendation of the First Niagara Board of Directors and Reasons for the Merger* beginning on page 58.

**First Niagara Record Date and Quorum**

The First Niagara Board of Directors has fixed the close of business on [ ] as the record date for determining the holders of First Niagara common stock entitled to receive notice of and to vote at the First Niagara special meeting.

As of the First Niagara record date, there were [ ] shares of First Niagara common stock outstanding and entitled to vote at the First Niagara special meeting held by [ ] holders of record. Each share of First Niagara common stock entitles the holder thereof to one vote at the First Niagara special meeting on each proposal to be considered at the First Niagara special meeting.

To transact business at the First Niagara special meeting, a majority of the total number of outstanding shares of First Niagara common stock entitled to vote at the First Niagara special meeting must be present in person or represented by proxy. Abstentions and broker non-votes will be treated as present at the First Niagara special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the First Niagara special meeting, the holders of a majority of the voting shares represented at the special meeting, in person or by proxy, may adjourn the meeting from time to time to another time and/or place until a quorum is so present or represented.



As of the First Niagara record date, directors and executive officers of First Niagara and their affiliates owned and were entitled to vote [ ] shares of First Niagara common stock, representing approximately [ ]% of the First Niagara common stock outstanding on that date. First Niagara currently expects that its directors and executive officers will vote their shares in favor of the merger proposal, the merger-related compensation proposal and the First Niagara adjournment proposal (if necessary or appropriate), although none of them has entered into any agreements obligating them to do so. As of the record date, KeyCorp did not beneficially hold any shares of First Niagara common stock.

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### **Required Vote**

#### *Merger Proposal*

The affirmative vote of a majority of the outstanding shares of First Niagara common stock entitled to vote is required to approve the merger proposal.

#### *Merger-Related Compensation Proposal and First Niagara Adjournment Proposal*

Assuming a quorum is present, the affirmative vote of a majority of the votes present in person or represented by proxy and cast on the merger-related compensation proposal and the First Niagara adjournment proposal at the First Niagara special meeting is required to approve each such proposal.

### **Treatment of Abstentions; Failure to Vote**

For purposes of the First Niagara special meeting, an abstention occurs when a First Niagara stockholder attends the First Niagara special meeting, either in person or by proxy, but abstains from voting.

For the merger proposal, an abstention or failure to vote in person at the First Niagara special meeting will have the same effect as a vote cast **AGAINST** this proposal.

For the merger-related compensation proposal and the First Niagara adjournment proposal, an abstention or failure to vote in person at the First Niagara special meeting will have no effect on the outcome of the vote. For each of these proposals, abstentions are not treated as votes cast and will have no effect on the outcome of the vote, though abstentions are counted towards establishing a quorum.

### **Voting on Proxies; Incomplete Proxies**

Giving a proxy means that a First Niagara stockholder authorizes the persons named in the enclosed proxy card to vote its shares of First Niagara common stock at the First Niagara special meeting in the manner it directs. A First Niagara stockholder may vote by proxy or in person at the First Niagara special meeting. If you hold your shares of First Niagara common stock in your name as a stockholder of record, to submit a proxy, you, as a First Niagara stockholder, may use one of the following methods:

By telephone: Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week. Call [ ] and then follow the voice instructions. Please have your proxy card and your social security number or tax identification number available when you call.

Through the Internet: Use the Internet to vote your proxy 24 hours a day, 7 days a week. Follow the instructions as prompted by the menu found at [ ] to obtain your records and submit an electronic ballot. Please have your proxy card and your social security number or tax identification number available when you access this voting site.

By mail: Complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

By QR Code: Use the QR Code to vote your proxy 24 hours a day, 7 days a week. Scan the QR Code on your proxy card with your mobile device.

First Niagara requests that First Niagara stockholders vote by telephone, over the Internet, by QR Code or by completing and signing the accompanying proxy and returning it to First Niagara as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed prior to the First Niagara special meeting, the shares of First Niagara common stock represented by it will be voted at the First Niagara special meeting in accordance with the instructions contained on the proxy card. If any proxy is returned without indication as to how to vote, the shares of First Niagara common stock represented by the proxy will be voted as recommended by the First Niagara Board of Directors.

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If a First Niagara stockholder's shares are held in street name by a broker, bank or other nominee, the stockholder should check the voting form used by that firm to determine whether it may vote by telephone or the Internet.

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES OF FIRST NIAGARA COMMON STOCK YOU OWN. Accordingly, each First Niagara stockholder should sign, date and return the enclosed proxy card, or vote via the Internet, by telephone or by QR Code, whether or not the First Niagara stockholder plans to attend the First Niagara special meeting in person.**

### **Shares Held in Street Name**

If you are a First Niagara stockholder and your shares are held in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank or broker. You may not vote shares held in street name by returning a proxy card directly to First Niagara or by voting in person at the First Niagara special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of First Niagara common stock on behalf of their customers may not give a proxy to First Niagara to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are a First Niagara stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee will not vote your shares on the merger proposal, which broker non-votes will have the same effect as a vote cast **AGAINST** this proposal; and

your broker, bank or other nominee will not vote your shares on the merger-related compensation proposal or the First Niagara adjournment proposal, which broker non-votes will have no effect on the vote count for these proposals.

### **Revocability of Proxies and Changes to a First Niagara Stockholder's Vote**

If you have submitted your proxy and would like to revoke it, you may do so before your shares are voted at the First Niagara special meeting by: (i) filing a notice with the Corporate Secretary of First Niagara revoking your proxy, (ii) filing a new, subsequently dated proxy (whether by proxy card, online, by telephone or by QR Code) or (iii) by attending the First Niagara special meeting and electing to vote your shares in person. Your presence at the First Niagara special meeting alone will not revoke your proxy. If you have instructed a broker, bank or other nominee to vote your shares of First Niagara common stock, you must follow the directions you receive from your broker, bank or other nominee in order to change or revoke your vote.

First Niagara stockholders retain the right to revoke their proxies or change their voting instructions in the manner described above. Unless so revoked, the shares represented by such proxies or voting instructions will be voted at the First Niagara special meeting and all adjournments or postponements of the First Niagara special meeting. Proxies solicited on behalf of the First Niagara Board of Directors will be voted in accordance with the directions given on the proxy card or voting instructions. Where no instructions are indicated, the shares of First Niagara common stock represented by the proxy will be voted as recommended by the First Niagara Board of Directors.

### **Solicitation of Proxies**

The cost of solicitation of proxies for the First Niagara special meeting will be borne by First Niagara. First Niagara will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. First Niagara has retained [ ] to assist in the solicitation of proxies for a fee of approximately \$[ ] plus related fees for any

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additional services and reasonable out-of-pocket expenses. In addition to solicitations by mail, First Niagara's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

**Attending the First Niagara Special Meeting**

All First Niagara stockholders as of the record date, or their duly appointed proxies, may attend the First Niagara special meeting. Since seating is limited, admission to the First Niagara special meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ], local time.

If you plan to attend the First Niagara special meeting in person, please RSVP by marking the appropriate box on the proxy card, or via email to [investor@fnfg.com](mailto:investor@fnfg.com) with RSVP as the subject line. Also, if you are a registered stockholder and will be attending the meeting in person, please bring valid photo identification.

If your shares of First Niagara common stock are held in street name in a stock brokerage account or by a bank or nominee and you wish to attend the First Niagara special meeting, please bring evidence of your beneficial ownership of your shares (e.g., a copy of a recent brokerage statement showing the shares) and valid photo identification with you to the First Niagara special meeting. If you intend to vote in person at the First Niagara special meeting and you own your shares in street name, you also are required to bring to the First Niagara special meeting a legal proxy from your broker, bank or other intermediary.

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**FIRST NIAGARA PROPOSALS**

**Merger Proposal**

As discussed elsewhere in this joint proxy statement/prospectus, First Niagara stockholders will consider and vote on a proposal to adopt the merger agreement. First Niagara stockholders must adopt the merger agreement in order for the merger to occur. If First Niagara stockholders fail to adopt the merger agreement, the merger will not occur.

Accordingly, First Niagara is asking First Niagara stockholders to vote to approve the adoption of the merger agreement, either by attending the First Niagara special meeting and voting in person or by submitting a proxy. You should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the transactions contemplated thereby. In particular, you are urged to read the merger agreement in its entirety, which is attached as Appendix A to this joint proxy statement/prospectus.

First Niagara stockholders must approve the merger proposal in order for the merger to occur. The affirmative vote of a majority of the outstanding shares of First Niagara common stock entitled to vote thereon is required to approve the merger proposal. If First Niagara stockholders fail to approve the merger proposal, the merger will not occur. For the merger proposal, you may vote **FOR**, **AGAINST** or **ABSTAIN**. If you abstain or if your shares are not present at the First Niagara special meeting, it will have the same effect as a vote **AGAINST** the adoption of the merger agreement. If you hold your First Niagara common stock through a broker, bank or other nominee and you do not instruct your broker, bank or other nominee on how to vote your shares on the merger proposal, your broker, bank or other nominee will not vote your shares on the merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal.

**The First Niagara Board of Directors unanimously recommends that First Niagara stockholders vote **FOR** the merger proposal.**

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**Merger-Related Compensation Proposal**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Rule 14a-21(c) of the Exchange Act, First Niagara is seeking non-binding, advisory stockholder approval of the compensation of First Niagara's named executive officers that is based on or otherwise relates to the merger as disclosed in *The Merger Merger-Related Compensation for First Niagara's Named Executive Officers* beginning on page 87. The proposal gives First Niagara's stockholders the opportunity to express their views on the merger-related compensation of First Niagara's named executive officers. Accordingly, First Niagara is requesting stockholders to adopt the following resolution, on a non-binding, advisory basis:

**RESOLVED, that the compensation that may be paid or become payable to First Niagara's named executive officers, in connection with the merger, and the agreements or understandings pursuant to which such compensation may be paid or become payable, in each case as disclosed pursuant to Item 402(t) of Regulation S-K in *The Merger Merger-Related Compensation for First Niagara's Named Executive Officers*, are hereby APPROVED.**

The vote on this proposal is a vote separate and apart from the vote to approve the merger proposal. Accordingly, you may vote not to approve this proposal on merger-related compensation and benefits to be paid or provided to named executive officers of First Niagara and vote to approve the merger proposal and vice versa. The vote is advisory in nature and, therefore, is not binding on First Niagara or on KeyCorp or the Boards of Directors or the compensation committees of First Niagara or KeyCorp, regardless of whether the merger proposal is approved. Approval of the non-binding, advisory proposal with respect to the compensation that may be received by First Niagara's named executive officers in connection with the merger is not a condition to completion of the merger, and failure to approve this advisory matter will have no effect on the vote to approve the merger proposal. The merger-related compensation to be paid to named executive officers in connection with the merger is based on contractual arrangements with the named executive officers and accordingly the outcome of this advisory vote will not affect the obligation to make these payments.

For the merger-related compensation proposal, you may vote FOR, AGAINST or ABSTAIN. If your shares are not present at the First Niagara special meeting, it will have no effect on the merger-related compensation proposal (assuming a quorum is present). If you abstain, your abstention will have no effect on the merger-related compensation proposal, although it will be counted toward establishing a quorum. If you hold your First Niagara common stock through a broker, bank or other nominee and you do not instruct your broker, bank or other nominee on how to vote your shares on the merger-related compensation proposal, your broker, bank or other nominee will not vote your shares on the merger-related compensation proposal, which broker non-votes will have no effect on the vote count for such proposal.

**The First Niagara Board of Directors recommends that First Niagara stockholders vote FOR the merger-related compensation proposal.**



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**First Niagara Adjournment Proposal**

The First Niagara special meeting may be adjourned to another time or place, if necessary or appropriate, to permit further solicitation of proxies in favor of the merger proposal.

If, at the First Niagara special meeting, the number of shares of First Niagara common stock present in person or represented by proxy and voting in favor of the merger proposal is insufficient to approve the merger proposal, First Niagara intends to move to adjourn the First Niagara special meeting in order to enable the First Niagara Board of Directors to solicit additional proxies for the approval of the merger proposal.

In the First Niagara adjournment proposal, First Niagara is asking its stockholders to authorize the holder of any proxy solicited by the First Niagara Board of Directors to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the First Niagara special meeting to another time and/or place for the purpose of soliciting additional proxies. If the First Niagara stockholders approve the First Niagara adjournment proposal, First Niagara could adjourn the First Niagara special meeting and any adjourned session of the First Niagara special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from First Niagara stockholders who have previously voted. First Niagara does not intend to call a vote on adjournment of the special meeting to solicit additional proxies if the merger proposal is approved at the special meeting. Pursuant to the merger agreement, First Niagara is required to adjourn the special meeting to solicit additional proxies twice.

For the First Niagara adjournment proposal, you may vote **FOR**, **AGAINST** or **ABSTAIN**. If your shares are not present at the First Niagara special meeting, it will have no effect on the First Niagara adjournment proposal (assuming a quorum is present). If you abstain, your abstention will have no effect on the First Niagara adjournment proposal, although it will be counted toward establishing a quorum. If you hold your First Niagara common stock through a broker, bank or other nominee and you do not instruct your broker, bank or other nominee on how to vote your shares on the First Niagara adjournment proposal, your broker, bank or other nominee will not vote your shares on the First Niagara adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.

**The First Niagara Board of Directors unanimously recommends that First Niagara stockholders vote **FOR** the First Niagara adjournment proposal (if necessary or appropriate).**

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**KEYCORP SPECIAL MEETING OF SHAREHOLDERS**

**Date, Time and Place**

The special meeting of KeyCorp shareholders will be held on [ ], at [ ] local time, on [ ]. On or about [ ], KeyCorp commenced mailing this joint proxy statement/prospectus and the enclosed form of proxy to its shareholders entitled to vote at the KeyCorp special meeting.

**Purpose of KeyCorp Special Meeting**

At the KeyCorp special meeting, KeyCorp shareholders will be asked to vote on the following proposals:

to adopt the merger agreement, a copy of which is attached as Appendix A to this joint proxy statement/prospectus;

to approve the amendments to KeyCorp's articles set forth on Appendix D-1 to this joint proxy statement/prospectus, which modify the voting rights associated with KeyCorp's preferred stock so that the voting rights associated with the new KeyCorp preferred stock are not materially less favorable to the holders thereof than the voting rights associated with the First Niagara preferred stock;

to approve an amendment to KeyCorp's regulations set forth on Appendix E-1 to this joint proxy statement/prospectus in order to increase the maximum size of the KeyCorp Board of Directors from sixteen to seventeen members; and

to approve one or more adjournments of the KeyCorp special meeting, if necessary or appropriate to permit further solicitation of proxies in favor of the merger proposal and the articles amendment proposal.

**Recommendation of the KeyCorp Board of Directors**

The KeyCorp Board of Directors recommends that you vote **FOR** the merger proposal, **FOR** the articles amendment proposal, **FOR** the regulations amendment proposal and **FOR** the KeyCorp adjournment proposal (if necessary or appropriate). See *The Merger Recommendation of the KeyCorp Board of Directors and Reasons for the Merger* beginning on page 72.

**KeyCorp Record Date and Quorum**

The KeyCorp Board of Directors has fixed the close of business on [ ] as the record date for determining the holders of KeyCorp common shares entitled to receive notice of and to vote at the KeyCorp special meeting.

As of the KeyCorp record date, there were [ ] KeyCorp common shares outstanding and entitled to vote at the KeyCorp special meeting held by [ ] holders of record. Each KeyCorp common share entitles the holder thereof to one vote at the KeyCorp special meeting on each proposal to be considered at the KeyCorp special meeting.

To transact business at the KeyCorp special meeting, a majority of KeyCorp's outstanding common shares must be present in person or represented by proxy. Abstentions will be treated as present at the KeyCorp special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. Because there can be no broker non-votes at the KeyCorp special meeting, failure to provide instructions to your broker, bank or other nominee on how to vote will result in your shares not being counted as present at the meeting. In the event that a quorum is not present at the KeyCorp special meeting, the holders of a majority of the voting shares represented at the special meeting, in person or represented by proxy, may adjourn the meeting from time to time to another time and/or place until a quorum is so present or represented.

As of the KeyCorp record date, directors and executive officers of KeyCorp and their affiliates owned and were entitled to vote [ ] KeyCorp common shares, representing approximately [ ]% of the KeyCorp common shares

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outstanding on that date. KeyCorp currently expects that its directors and executive officers will vote their shares in favor of the merger proposal, the articles amendment proposal, the regulations amendment proposal and the KeyCorp adjournment proposal (if necessary or appropriate), although none of them has entered into any agreements obligating them to do so. As of the record date, First Niagara did not beneficially hold any KeyCorp common shares.

### **Required Vote**

#### *Merger Proposal, Articles Amendment Proposal and Regulations Amendment Proposal*

The affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp is required to approve each of the merger proposal, the articles amendment proposal and the regulations amendment proposal.

#### *KeyCorp Adjournment Proposal*

Assuming a quorum is present, the affirmative vote of a majority of the KeyCorp common shares present in person or represented by proxy at the KeyCorp special meeting is required to approve the KeyCorp adjournment proposal.

### **Treatment of Abstentions; Failure to Vote**

For purposes of the KeyCorp special meeting, an abstention occurs when a KeyCorp shareholder attends the KeyCorp special meeting, either in person or represented by proxy, but abstains from voting.

With respect to the merger proposal, the articles amendment proposal and the regulations amendment proposal, an abstention or failure to vote in person at the KeyCorp special meeting will have the same effect as a vote cast **AGAINST** these proposals.

With respect to the KeyCorp adjournment proposal, if a KeyCorp shareholder present in person at the KeyCorp special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** this proposal. If a KeyCorp shareholder is not present in person at the KeyCorp special meeting and does not respond by proxy, it will have no effect on the outcome of the vote for the KeyCorp adjournment proposal.

### **Voting on Proxies; Incomplete Proxies**

Giving a proxy means that a KeyCorp shareholder authorizes the persons named in the enclosed proxy card to vote its shares at the KeyCorp special meeting in the manner it directs. A KeyCorp shareholder may vote by proxy or in person at the KeyCorp special meeting. If you hold your KeyCorp common shares in your name as a shareholder of record, to submit a proxy, you, as a KeyCorp shareholder, may use one of the following methods:

By telephone: Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week. Have your proxy card handy when you call. You will be prompted to enter your control number(s) located on your proxy card, and then follow the directions given.

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Through the Internet: Use the Internet to vote your proxy 24 hours a day, 7 days a week. Have your proxy card handy when you access the website. You will be prompted to enter your control number(s) located on your proxy card to create and submit an electronic ballot.

By mail: Complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

KeyCorp requests that KeyCorp shareholders vote by telephone, over the Internet or by completing and signing the accompanying proxy and returning it to KeyCorp as soon as possible in the enclosed postage-paid envelope.

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When the accompanying proxy is returned properly executed, the KeyCorp common shares represented by it will be voted at the KeyCorp special meeting in accordance with the instructions contained on the proxy card. If any proxy is returned without indication as to how to vote, the KeyCorp common shares represented by the proxy will be voted as recommended by the KeyCorp Board of Directors.

If a KeyCorp shareholder's shares are held in street name by a broker, bank or other nominee, the shareholder should check the voting form used by such broker, bank or other nominee to determine whether it may vote by telephone or the Internet.

**YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF KEYCORP COMMON SHARES YOU OWN. Accordingly, each KeyCorp shareholder should sign, date and return the enclosed proxy card, or vote via the Internet or by telephone, whether or not the KeyCorp shareholder plans to attend the KeyCorp special meeting in person.**

### **Shares Held in Street Name**

If you are a KeyCorp shareholder and your shares are held in street name through a broker, bank or other nominee, your broker, bank or other nominee's ability to vote your shares for you is governed by the rules of the NYSE. Without your specific instruction, a broker, bank or other nominee may only vote your shares on routine proposals. As such, your broker, bank or other nominee will submit a proxy card on your behalf as to routine proposals but leave your shares unvoted on non-routine proposals this is known as a broker non-vote. The merger proposal, the articles amendment proposal, the regulations amendment proposal and the KeyCorp adjournment proposal are regarded as non-routine matters and your broker, bank or other nominee will not vote on these matters without instructions from you. Therefore, if you are a KeyCorp shareholder holding your shares in street name and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee will not vote your shares on the merger proposal, the articles amendment proposal or the regulations amendment proposal, which will have the same effect as a vote cast **AGAINST** these proposals; and

your broker, bank or other nominee will not vote your shares on the KeyCorp adjournment proposal, which broker non-votes will have no effect on the outcome of the vote for this proposal.

### **Revocability of Proxies and Changes to a KeyCorp Shareholder's Vote**

If you have submitted your proxy and would like to revoke it, you may do so before your shares are voted at the KeyCorp special 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 KeyCorp special meeting and electing to vote your shares in person. Your presence at the KeyCorp special meeting alone will not revoke your proxy. If you are a KeyCorp shareholder of record and you choose to send a written notice or to mail a new proxy, you must submit your notice of revocation or your new proxy to KeyCorp, Attention: Secretary, 127 Public Square, Cleveland, Ohio 44114, and it must be received at any time before the vote is taken at the KeyCorp special meeting. Any proxy that you submitted may also be revoked by submitting a new proxy via the Internet or by telephone, not later than [ ] on [ ], or by voting in person at the meeting. If you have instructed a broker, bank or other nominee to vote your KeyCorp common shares, you must follow the directions you receive from your broker, bank or other nominee in order to change or revoke your vote.

**Solicitation of Proxies**

KeyCorp is soliciting proxies for the KeyCorp special meeting from KeyCorp shareholders. KeyCorp will bear all of the costs of soliciting proxies from KeyCorp shareholders, other than certain costs related to the production and distribution of this joint proxy statement/prospectus. KeyCorp has retained Innisfree to assist in the solicitation of proxies for the special meeting for a fee of approximately \$25,000, plus reimbursement of

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reasonable out-of-pocket expenses. Directors, officers and employees of KeyCorp and its subsidiaries may also solicit the return of proxies, but will not receive additional compensation for these efforts. KeyCorp will request that banks, brokers and other nominees 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 KeyCorp Special Meeting**

If you attend the KeyCorp special 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 is your admission ticket. If you hold shares in street name (through a broker, bank or other nominee), a recent brokerage statement or a letter from your broker, bank or other nominee showing your holdings of KeyCorp common shares is proof of ownership. If you want to vote shares that you hold in street name at the KeyCorp special meeting, you must bring a legal proxy in your name from the broker, bank or other nominee that holds your shares.



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**KEYCORP PROPOSALS**

**Merger Proposal**

As discussed elsewhere in this joint proxy statement/prospectus, KeyCorp shareholders will consider and vote on a proposal to adopt the merger agreement. KeyCorp shareholders must adopt the merger agreement in order for the merger to occur. If KeyCorp shareholders fail to adopt the merger agreement, the merger will not occur.

Accordingly, KeyCorp is asking KeyCorp shareholders to vote to approve the adoption of the merger agreement, either by attending the KeyCorp special meeting and voting in person or by submitting a proxy. You should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the transactions contemplated thereby. In particular, you are urged to read the merger agreement in its entirety, which is attached as Appendix A to this joint proxy statement/prospectus.

KeyCorp shareholders must approve the merger proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the merger proposal, the merger will not occur. For the merger proposal, you may vote **FOR**, **AGAINST** or **ABSTAIN**. If you abstain or if your shares are not present at the KeyCorp special meeting, it will have the same effect as a vote **AGAINST** the adoption of the merger agreement. If you hold your KeyCorp common shares through a broker, bank or other nominee and you do not instruct your broker, bank or other nominee on how to vote your shares on the merger proposal, your broker, bank or other nominee will not vote your shares on the merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal.

**The KeyCorp Board of Directors unanimously recommends that KeyCorp shareholders vote **FOR** the merger proposal.**

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**Articles Amendment Proposal**

KeyCorp is asking its shareholders to approve the articles amendment set forth on Appendix D-1 to this joint proxy statement/prospectus, which modifies the voting rights associated with KeyCorp's preferred stock so that the voting rights associated with the new KeyCorp preferred stock are not materially less favorable to the holder thereof than the voting rights associated with the First Niagara preferred stock.

The articles amendment will (i) provide that KeyCorp is not required to call a special meeting of preferred shareholders for the election of directors in certain circumstances if KeyCorp's annual meeting will be held less than 90 days from the date a request for such special meeting is received from preferred shareholders; (ii) allow any holder of KeyCorp preferred stock to call such a special meeting at KeyCorp's expense if the meeting is not called by KeyCorp within 20 days of receiving such a request (and, solely for the purpose of calling such special meeting, such preferred shareholder will have access to KeyCorp's stock ledger); (iii) provide that KeyCorp's preferred shareholders must approve any amendment of KeyCorp's articles or regulations that would adversely affect the voting powers, rights or preferences of KeyCorp's preferred shareholders (or any class thereof); and (iv) provide that KeyCorp's preferred shareholders must approve any combination, majority share acquisition (each as defined by Ohio law), merger or consolidation of KeyCorp with another entity unless, in each case, (A) KeyCorp's preferred stock remains outstanding or is converted into preference securities of the surviving or resulting corporation or a corporation controlling such corporation (in each case, which is an entity organized in the United States) and (B) the shares of preferred stock remaining outstanding or such new preference securities, as the case may be, have voting powers, rights, privileges and preferences that are not materially less favorable to the holders thereof than the voting powers, rights, privileges and preferences of the holders of KeyCorp's preferred stock. In accordance with KeyCorp's articles, KeyCorp's Board of Directors has designated the remaining terms and rights of the new KeyCorp preferred stock. See *Description of KeyCorp Capital Stock* for a summary of the material terms of the new KeyCorp preferred stock and the form of amended articles set forth on Appendix D-2 to this joint proxy statement/prospectus.

The immediately preceding paragraph is a summary of the material provisions of the articles amendment and is not intended to be complete or to provide a comprehensive discussion of the articles amendment. This summary is qualified in its entirety by reference to the modifications to the articles set forth on Appendix D-1 and to the form of amended articles set forth on Appendix D-2 to this joint proxy statement/prospectus. We encourage you to read Appendix D-1 and Appendix D-2 carefully and in their entirety.

Upon approval of the articles amendment set forth on Appendix D-1 to this joint proxy statement/prospectus by KeyCorp shareholders, which has been approved by KeyCorp's Board of Directors, KeyCorp would be authorized to file with the Secretary of State of the State of Ohio the amended articles as set forth on Appendix D-2 to this joint proxy statement/prospectus, and the articles amendment will thereafter become effective upon such filing. Except as contemplated by the articles amendment set forth on Appendix D-1 to this joint proxy statement/prospectus and the designation of the new KeyCorp preferred stock by KeyCorp's Board of Directors in accordance with the articles, the provisions of the articles would remain unchanged.

KeyCorp shareholders must approve the articles amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the articles amendment proposal, the merger will not occur. Accordingly, KeyCorp is asking KeyCorp shareholders to vote to approve the articles amendment proposal, either by attending the KeyCorp special meeting and voting in person or by submitting a proxy. For the articles amendment proposal, you may vote FOR, AGAINST or ABSTAIN. If you abstain or if your shares are not present at the KeyCorp special meeting, it will have the same effect as a vote AGAINST the articles amendment proposal. If you hold your KeyCorp common shares through a broker, bank or other nominee and you do not instruct your broker, bank or other nominee on how to vote your shares on the articles amendment proposal, your broker, bank or other nominee will not vote your shares on the

articles amendment proposal, which broker non-votes will have the same effect as a vote AGAINST such proposal.

**The KeyCorp Board of Directors unanimously recommends that KeyCorp shareholders vote FOR the articles amendment proposal.**

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**Regulations Amendment Proposal**

KeyCorp is asking its shareholders to approve an amendment to its regulations set forth on Appendix E-1 of this joint proxy statement/prospectus in order to increase the maximum size of its Board of Directors from sixteen to seventeen members.

Pursuant to the merger agreement, KeyCorp will add three current members of First Niagara's Board of Directors selected by First Niagara and reasonably acceptable to KeyCorp (including its Nominating and Corporate Governance Committee) to KeyCorp's Board of Directors. As of the date of this joint proxy statement/prospectus, KeyCorp's Board of Directors consisted of fourteen members. The regulations provide that KeyCorp's Board of Directors must consist of no fewer than twelve and no more than sixteen members. In order to add First Niagara's director nominees to KeyCorp's existing Board of Directors, KeyCorp intends to amend the regulations to increase the maximum size of its Board of Directors from sixteen to seventeen members.

Upon approval of the regulations amendment as set forth on Appendix E-1 to this joint proxy statement/prospectus by KeyCorp's shareholders, which has been approved by KeyCorp's Board of Directors, KeyCorp's regulations would be amended as set forth on Appendix E-2 to this joint proxy statement/prospectus. Except as contemplated by the regulations amendment, the provisions of KeyCorp's regulations would remain unchanged.

KeyCorp shareholders are not required to approve the regulations amendment proposal in order for the merger to occur. If KeyCorp shareholders fail to approve the regulations amendment proposal, the merger may nonetheless occur. It is important, however, that KeyCorp shareholders vote to approve the regulations amendment proposal, either by attending the KeyCorp special meeting and voting in person or by submitting a proxy.

For the regulations amendment proposal, you may vote **FOR**, **AGAINST** or **ABSTAIN**. If you abstain or if your shares are not present at the KeyCorp special meeting, it will have the same effect as a vote **AGAINST** the regulations amendment proposal. If you hold your KeyCorp common shares through a broker, bank or other nominee and you do not instruct your broker, bank or other nominee on how to vote your shares on the regulations amendment proposal, your broker, bank or other nominee will not vote your shares on the regulations amendment proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal.

**The KeyCorp Board of Directors unanimously recommends that KeyCorp shareholders vote **FOR** the regulations amendment proposal.**

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**KeyCorp Adjournment Proposal**

The KeyCorp special meeting may be adjourned to another time or place, if necessary or appropriate to permit further solicitation of proxies in favor of the merger proposal and the articles amendment proposal.

If, at the KeyCorp special meeting, the number of KeyCorp common shares present in person or represented by proxy and voting in favor of the merger proposal and/or the articles amendment proposal is insufficient to approve the merger proposal and/or the articles amendment proposal, KeyCorp intends to move to adjourn the KeyCorp special meeting in order to enable the KeyCorp Board of Directors to solicit additional proxies for the approval of the merger proposal and/or the articles amendment proposal, as applicable.

In the KeyCorp adjournment proposal, KeyCorp is asking its shareholders to authorize the holder of any proxy solicited by the KeyCorp Board of Directors to vote in favor of granting discretionary authority to the proxy holders, and each of them individually, to adjourn the KeyCorp special meeting to another time and/or place for the purpose of soliciting additional proxies. If the KeyCorp shareholders approve the KeyCorp adjournment proposal, KeyCorp could adjourn the KeyCorp special meeting and any adjourned session of the KeyCorp special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from KeyCorp shareholders who have previously voted. KeyCorp does not intend to call a vote on adjournment of the special meeting to solicit additional proxies if both the merger proposal and the articles amendment proposal are approved at the special meeting. Pursuant to the merger agreement, KeyCorp is required to adjourn the special meeting to solicit additional proxies twice.

For the KeyCorp adjournment proposal, you may vote **FOR**, **AGAINST** or **ABSTAIN**. An abstention will have the same effect as a vote **AGAINST** the KeyCorp adjournment proposal. If your shares are not present at the KeyCorp special meeting, it will have no effect on the KeyCorp adjournment proposal (assuming a quorum is present). If you hold your KeyCorp common shares through a broker, bank or other nominee and you do not instruct your broker, bank or other nominee on how to vote your shares on the KeyCorp adjournment proposal, your broker, bank or other nominee will not vote your shares on the KeyCorp adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.

**The KeyCorp Board of Directors unanimously recommends that KeyCorp shareholders vote **FOR** the KeyCorp adjournment proposal (if necessary or appropriate).**

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**INFORMATION ABOUT THE COMPANIES**

*KeyCorp*

127 Public Square

Cleveland, Ohio 44114

Phone: (216) 689-3000

KeyCorp is an Ohio business corporation that is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. KeyCorp was organized in 1958. As of December 31, 2014, KeyCorp had consolidated total assets of \$93.8 billion, deposits of \$72 billion and shareholders' equity of \$10.5 billion. KeyCorp and its subsidiaries had an average of 13,853 full-time equivalent employees for 2014.

KeyCorp is the parent holding company for KeyBank, its principal subsidiary, through which most of its banking services are provided. Through KeyBank and certain other subsidiaries, KeyCorp provides a wide range of retail and commercial banking, commercial leasing, investment management, consumer finance, commercial mortgage servicing and special servicing, and investment banking products and services to individual, corporate, and institutional clients through two major business segments: Key Community Bank and Key Corporate Bank. Key Community Bank serves individuals and small to mid-sized businesses by offering a variety of deposit, investment, lending, credit card, and personalized wealth management products and business advisory services. These products and services are provided through relationship managers and specialists working in a 12-state branch network, which is organized into eight internally defined geographic regions: Pacific, Rocky Mountains, Indiana, Western Ohio and Michigan, Eastern Ohio, Western New York, Eastern New York, and New England. Key Corporate Bank is a full-service corporate and investment bank focused principally on serving the needs of middle market clients in seven industry sectors: consumer, energy, healthcare, industrial, public sector, real estate, and technology. Key Corporate Bank delivers a broad product suite of banking and capital markets products to its clients, including syndicated finance, debt and equity capital markets, commercial payments, equipment finance, commercial mortgage banking, derivatives, foreign exchange, financial advisory, and public finance. Key Corporate Bank is also a significant servicer of commercial mortgage loans and a significant special servicer of commercial mortgage-backed securities. Key Corporate Bank delivers many of its product capabilities to clients of Key Community Bank.

*First Niagara Financial Group, Inc.*

726 Exchange Street, Suite 618

Buffalo, New York 14210

Phone: (716) 819-5500

First Niagara Financial Group, Inc. is a Delaware corporation and a bank holding company, subject to supervision and regulation by the Federal Reserve Board, serving both retail and commercial customers through its bank subsidiary, First Niagara Bank. At December 31, 2014, First Niagara had \$38.6 billion of assets, \$27.8 billion of deposits and \$4.1 billion of stockholders' equity.

First Niagara Bank was organized in 1870, and is a nationally chartered regional bank providing financial services to individuals, families and businesses. In November 2002, First Niagara Bank was converted from a New York State

chartered savings bank to a federal charter and in April 2010, First Niagara Bank became a national bank subject to supervision and regulation by the Office of the Comptroller of the Currency. First Niagara Bank is positioned as a leading regional bank, with its footprint reaching across New York, Western and Eastern Pennsylvania, Connecticut and Western Massachusetts, providing retail consumer and business customers with banking services including residential and commercial real estate loans, commercial business loans, consumer loans, wealth management products, as well as retail and commercial deposit products. As of December 31, 2014, First Niagara Bank consolidated with its subsidiaries had \$38.5 billion of assets, \$28.0 billion of deposits, and \$4.4 billion of stockholder s equity, employed over 5,700 people, and operated through 411 branches and several financial services subsidiaries.

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First Niagara Bank's subsidiaries provide a range of financial services to individuals and companies: First Niagara Funding, Inc. and First Niagara Business Trust, each a real estate investment trust which primarily originate and hold some commercial real estate and business loans, certain residential mortgages, and home equity loans; First Niagara Realty, Inc., which holds commercial other real estate owned; First Niagara Servicing Company, which owns and partially services loans that are collateralized by property in Connecticut; and First Niagara Risk Management, Inc., a full service insurance agency, which sells insurance products, including business and personal insurance, surety bonds, life, disability and long-term care coverage. First Niagara Risk Management also provides risk management advisory services such as alternative risk and self-insurance, claims investigation and adjusting services, and third-party administration of self-insured workers' compensation plans.



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**THE MERGER**

*The following is a discussion of the merger and the material terms of the merger agreement between KeyCorp and First Niagara. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Appendix A to this joint proxy statement/prospectus and incorporated by reference herein. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We encourage you to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about KeyCorp or First Niagara. Such information can be found elsewhere in this joint proxy statement/prospectus and in the public filings KeyCorp and First Niagara make with the SEC. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus.*

**Terms of the Merger**

*Transaction Structure*

KeyCorp's and First Niagara's Boards of Directors have approved the merger agreement. The merger agreement provides for the acquisition of First Niagara by KeyCorp through the merger of First Niagara with and into KeyCorp, with KeyCorp continuing as the surviving corporation.

Pursuant to the merger agreement, KeyCorp and First Niagara may at any time change the method of effecting the combination of KeyCorp and First Niagara if and to the extent both parties mutually deem such a change to be desirable. However, no such change may (i) alter or change the amount or kind of the merger consideration, (ii) impede or delay the consummation of the merger or (iii) adversely affect the tax treatment of the merger with respect to First Niagara stockholders.

*Merger Consideration*

Each share of First Niagara common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by First Niagara as treasury stock or otherwise owned by First Niagara or KeyCorp and any dissenting shares), will be converted into the right to receive 0.680 KeyCorp common shares and \$2.30 in cash. Each share of First Niagara preferred stock issued and outstanding immediately prior to the effective time of the merger will automatically be converted into a share of the new KeyCorp preferred stock.

**Conversion of Shares; Exchange and Payment Procedures**

At or prior to the closing, KeyCorp will deposit or cause to be deposited with an exchange agent designated by KeyCorp and reasonably acceptable to First Niagara, for the benefit of the holders of shares of First Niagara common stock, sufficient cash and KeyCorp common shares to be exchanged in accordance with the merger agreement, including the merger consideration and payment of cash in lieu of fractional shares.

The conversion of First Niagara common stock into the right to receive the merger consideration and the conversion of the First Niagara preferred stock into the new KeyCorp preferred stock will occur automatically at the effective time of the merger. As promptly as practicable after the effective time of the merger, the exchange agent will exchange certificates representing shares of First Niagara common stock for merger consideration to be received in the merger pursuant to the terms of the merger agreement.

*Letters of Transmittal*

As promptly as practicable after the effective time of the merger, but in any event within ten days thereafter, the exchange agent will send a letter of transmittal to only those persons who were First Niagara stockholders immediately prior to the effective time of the merger. This mailing will contain instructions on how to surrender shares of First Niagara common stock in exchange for the merger consideration the holder is entitled to receive

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under the merger agreement. From and after the effective time, First Niagara stockholders who properly surrender their certificates or book entry shares to the exchange agent, together with a properly completed and duly executed letter of transmittal, and such other documents as may be required pursuant to such instructions, will receive for each share of First Niagara common stock 0.680 KeyCorp common shares, \$2.30 in cash plus any cash payable in lieu of any fractional shares of KeyCorp common shares, and any dividends or distributions such holder has the right to receive pursuant to the merger agreement. No interest will be paid or accrue on any merger consideration or cash in lieu of fractional shares.

### *Dividends and Distributions*

Until First Niagara common stock certificates or book entry shares are surrendered for exchange, any dividends or other distributions with a record date after the effective time of the merger with respect to KeyCorp common shares into which shares of First Niagara common stock may have been converted will accrue but will not be paid. KeyCorp will pay to former First Niagara stockholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their First Niagara stock certificates or book entry shares. After the effective time of the merger, there will be no transfers on the stock transfer books of First Niagara of any shares of First Niagara common stock. If certificates representing shares of First Niagara common stock or book entry shares are presented for transfer after the effective time of the merger, they will be cancelled and exchanged for the merger consideration into which the shares of First Niagara common stock represented by that certificate or book entry share have been converted.

### *Dissenting Shares*

Shares held by First Niagara stockholders who have perfected and not lost their right to demand dissenters' rights of appraisal in accordance with the procedures and requirements of Delaware law will not be converted into the right to receive the merger consideration, and such First Niagara stockholders will instead be entitled only to the rights granted by Delaware law. If any such First Niagara stockholder withdraws or loses his or her right to dissent under Delaware law at or prior to the effective time of the merger, the shares of First Niagara common stock held by such First Niagara stockholder will be converted into the right to receive the merger consideration.

### *Lost, Stolen or Destroyed Stock Certificates*

If a certificate for First Niagara common stock has been lost, stolen or destroyed, the exchange agent will issue the merger consideration properly payable under the merger agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification.

## **Background of the Merger**

As part of First Niagara's continuous efforts to increase value for stockholders and other constituencies, the First Niagara Board of Directors and executive management regularly review and assess First Niagara's business plans and strategic opportunities and challenges. In recent years, these strategic discussions have been set against a backdrop of, among other things, business performance, the impact of low interest rates and the challenging regulatory, compliance and competitive environments facing financial institutions generally, and First Niagara in particular. The First Niagara Board of Directors and executive management routinely reviewed strategic and investment alternatives including, among others, increased investment in First Niagara's technology infrastructure, selling branches in different geographies, divesting or acquiring specific lines of business, and a multitude of balance sheet restructuring and de-levering opportunities. In addition, the First Niagara Board of Directors and executive management have evaluated the expected current and future earnings impact of the various strategic alternatives in the context of its capital

position, risk appetite, asset and deposit acquisition capabilities and multiple interest rate scenarios in the low for longer interest rate environment. From time to time, the First Niagara Board of Directors has discussed inquiries received from third parties regarding potential strategic transactions.

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In the second quarter of 2015, the First Niagara Board of Directors selected J.P. Morgan Securities LLC (which we refer to as J.P. Morgan ) to work with First Niagara s management team to review First Niagara s strategic alternatives.

On July 29, 2015, the First Niagara Board of Directors met to consider and discuss management s and J.P. Morgan s analyses. Representatives of First Niagara s management team and representatives from J.P. Morgan and Sullivan & Cromwell LLP (which we refer to as Sullivan & Cromwell ), First Niagara s outside counsel, were also in attendance. Representatives from management and J.P. Morgan discussed with the First Niagara Board of Directors the financial aspects of First Niagara continuing on a standalone basis. J.P. Morgan also discussed the recent performance of the banking industry, recent merger transactions in the industry, and a potential acquisition of First Niagara by certain likely interested transaction partners. Executive management discussed a range of future business strategies and financial outcomes in the context of current and possible future interest rate scenarios. Representatives of Sullivan & Cromwell then discussed the First Niagara Board of Directors fiduciary duties in general in connection with its evaluation of strategic alternatives, the regulatory requirements for approvals of bank acquisition transactions and the regulatory environment for banks in general and for bank acquisition transactions in particular. Following discussion regarding the advantages and disadvantages of continuing to pursue First Niagara s standalone strategic plan versus a potential sale of First Niagara, the First Niagara Board of Directors authorized and directed management to work with J.P. Morgan to begin to explore a potential sale transaction, including by authorizing J.P. Morgan to solicit initial indications of interest with respect to a potential transaction, based solely on First Niagara s publicly available information, from three financial institutions, consisting of KeyCorp and two other financial institutions which we refer to as Party A and Party B. The three financial institutions were selected based on likelihood of interest, financial capacity, perceived business and cultural fit and perceived potential to obtain required regulatory approvals.

J.P. Morgan then contacted the three financial institutions on First Niagara s behalf and engaged in preliminary, exploratory discussions regarding a potential acquisition of First Niagara with representatives of such institutions. Each of KeyCorp, Party A and Party B expressed interest in a potential transaction and provided oral initial indications of interest to J.P. Morgan on August 27, 2015, which indications implied, in the aggregate, a range of indicative values of \$10.00 to \$11.50 per share of First Niagara common stock at such time.

On September 9, 2015, the First Niagara Board of Directors held a special meeting to review and consider the indications of interest. Representatives of J.P. Morgan provided an overview of the process conducted to date and reviewed with the First Niagara Board of Directors each of the financial institutions that had submitted initial indications of interest and the terms of such indications of interest. At the conclusion of the meeting, the First Niagara Board of Directors authorized management to populate an electronic due diligence data room and authorized J.P. Morgan to invite KeyCorp, Party A and Party B, as well as one additional financial institution that was invited to participate in the bid process after expressing interest in a potential transaction with First Niagara (which we refer to as Party C ), to engage in a two-round bid process. The First Niagara Board of Directors also authorized the formation of a transaction committee of the First Niagara Board of Directors comprised of three independent directors, Nathaniel Woodson, Austin Adams and Carl Florio, which we refer to as the Transaction Committee. The purpose of the Transaction Committee was to provide guidance to management and J.P. Morgan as they solicited and evaluated indications of interest and, if ultimately appropriate, to recommend action to the full First Niagara Board of Directors with respect to any potential strategic transaction. The First Niagara Board of Directors believed that the formation of the Transaction Committee comprised of a smaller number of directors would allow for more timely and efficient feedback to First Niagara management and J.P. Morgan in carrying out the First Niagara Board of Directors directives.

During the week of September 13, 2015, KeyCorp and two other bidders, Party A and Party C, executed confidentiality agreements with customary and waivable standstill provisions with First Niagara and were given access to an electronic data room with non-public information regarding First Niagara s lines of business, current

balance sheet information, including loan and deposit data, credit quality information, contract and vendor information, and recent financial operating performance. Over the course of the next several weeks, representatives of First

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Niagara management, J.P. Morgan and Sullivan & Cromwell worked with representatives of the bidders and their respective advisors to facilitate their respective due diligence investigations of First Niagara, including through face-to-face meetings and conference calls between the senior executive management teams of First Niagara and each of KeyCorp, Party A and Party C.

On September 15, 2015, KeyCorp engaged Morgan Stanley & Co. LLC (which we refer to as Morgan Stanley ) to serve as its financial advisor in connection with the possible transaction with First Niagara.

Also on September 15, 2015, First Niagara management began conducting weekly conference calls with the Transaction Committee, during which First Niagara management provided updates on the bid process to the Transaction Committee. The weekly calls continued until the execution of the merger agreement.

On September 17, 2015, at a regularly scheduled meeting of the KeyCorp Board of Directors, KeyCorp management presented an overview of the potential transaction with First Niagara and transaction considerations.

On September 19, 2015, J.P. Morgan received an oral initial indication of interest from Party C, based on publicly available information about First Niagara and the due diligence conducted by Party C to date, which implied an indicative valuation range of \$10.50 to \$11.50 per share of First Niagara common stock at such time.

On or about September 22, 2015, Party B, one of the three parties that submitted an initial indication of interest on August 27, 2015, informed J.P. Morgan that Party B had decided to withdraw its initial indication of interest and not to participate further in the bid process. Party B had not executed a confidentiality agreement with First Niagara prior to such withdrawal.

Late in the afternoon on September 22, 2015, various media sources reported that an industry publication had reported that First Niagara was working with J.P. Morgan to evaluate strategic alternatives. Following these reports, the closing stock price of First Niagara's common stock on the Nasdaq Global Select Market on September 23, 2015, increased to \$10.26, from a closing stock price of \$8.96 on September 22, 2015. No additional financial institutions that were not already involved in the bid process contacted First Niagara or J.P. Morgan regarding a potential transaction with First Niagara following the reports.

On September 29, 2015, the KeyCorp Board of Directors met, with representatives of Morgan Stanley in attendance, to discuss a potential transaction with First Niagara. During the meeting, KeyCorp management described the discussions, meetings and activities relating to the potential transaction to date, including due diligence findings and meetings, and provided the KeyCorp Board of Directors with a high level overview of First Niagara. The KeyCorp Board of Directors agreed that KeyCorp should continue a comprehensive due diligence review and work towards a potential transaction with First Niagara.

On September 30, 2015, the First Niagara Board of Directors discussed the potential for a transaction at a regularly scheduled meeting. Representatives of J.P. Morgan updated the First Niagara Board of Directors on the status of the process, described the three parties with which First Niagara had executed confidentiality agreements and reviewed with the First Niagara Board of Directors the financial aspects of the initial indications of interest received from KeyCorp and Party A on August 27, 2015 and Party C on September 19, 2015, as applicable. Members of First Niagara's senior management team provided an overview of the due diligence conducted by each of the three bidders. Senior management also discussed the timeline for First Niagara's reverse due diligence investigation of the three bidders, and representatives of Sullivan & Cromwell discussed the process with respect to obtaining information regarding the bidders' respective abilities to complete a transaction with First Niagara on a timely basis. The First Niagara Board of Directors discussed the potential for a transaction and its expected impact on First Niagara and its

stockholders, employees and the communities in which it operates, and the risks associated with execution of a transaction and its integration. They also discussed First Niagara's historical financial, operating and market price performance relative to its peers and the potential strategic fit and benefits of a business combination with each of the bidders. After an extensive discussion of this information, the First Niagara Board of Directors authorized its management team to continue with the bid process.



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On October 1, 2015, First Niagara engaged a nationally recognized, third party consultant (which we refer to as the Consultant ) to perform an estimated analytically-derived valuation of First Niagara on a standalone basis using information provided by First Niagara, publicly available information and the Consultant's business judgment. The Consultant utilized various methodologies and analyses in order to estimate a range of First Niagara's valuation as a standalone entity. The Consultant also assessed, based upon previous merger transactions in the industry, potential share price volatility if the First Niagara Board of Directors were to publicly announce that First Niagara would remain independent. The Consultant additionally reviewed certain strategic initiatives previously evaluated by First Niagara management and presented other potential balance sheet restructuring and strategic actions that First Niagara could take to improve its earnings. The Consultant was independent and its compensation was based on the advisory work completed, and not on the outcome of any transaction.

The KeyCorp Board of Directors held a meeting on October 2, 2015, which was attended by KeyCorp management and representatives of Morgan Stanley, and a meeting on October 5, 2015, which was attended by KeyCorp management, representatives of Morgan Stanley and a representative from Simpson Thacher & Bartlett LLP (which we refer to as Simpson Thacher ), counsel to KeyCorp. During these meetings, KeyCorp management updated the KeyCorp Board of Directors on the status of discussions with First Niagara regarding a potential transaction and reviewed with the KeyCorp Board of Directors the preliminary results of its continued due diligence with respect to First Niagara to date. Also during the meetings, representatives of Morgan Stanley provided to the KeyCorp Board of Directors their preliminary review of the financial aspects of a potential transaction. The KeyCorp Board of Directors discussed the proposed business combination and authorized management to continue to work towards a potential transaction. During the October 5, 2015 meeting, KeyCorp management presented to the KeyCorp Board of Directors a draft of a non-binding indication of interest with respect to the potential transaction, and the KeyCorp Board of Directors authorized management to submit such indication of interest to First Niagara.

On October 6, 2015, each of KeyCorp, Party A and Party C submitted an updated, non-binding indication of interest to J.P. Morgan and First Niagara. KeyCorp's proposal included merger consideration payable 80% in the form of KeyCorp common shares and 20% in cash, while the offers from Party A and Party C provided for merger consideration consisting 100% of common stock. Specifically, KeyCorp's proposal provided for a fixed aggregate consideration of \$784 million in cash and 235.875 million KeyCorp common shares based on 356.225 million shares of First Niagara common stock outstanding on a fully diluted basis, which implied a per share consideration of approximately 0.662 KeyCorp common shares and \$2.20 in cash for each share of outstanding First Niagara common stock, representing an indicative value of \$11.00 per share based on KeyCorp's closing stock price of \$13.29 as of October 5, 2015. The closing stock price of First Niagara's common stock on that day was \$10.55. KeyCorp's proposal also provided, among other things, that First Niagara's outstanding preferred stock would be converted into preferred stock of KeyCorp with substantially the same terms and that all First Niagara's outstanding equity awards would be converted into equity awards based on KeyCorp common shares. It also noted that KeyCorp would honor existing commitments of the First Niagara Foundation and intended to make a meaningful contribution to the First Niagara Foundation. Party A's proposal provided for merger consideration with an indicative value of \$9.75 to \$10.50 per share of First Niagara common stock based on Party A's closing stock price as of October 5, 2015, and Party C's proposal provided for merger consideration with an indicative value of \$10.50 to \$11.50 per share of First Niagara common stock based on Party C's closing stock price as of October 5, 2015.

The Transaction Committee met on October 7, 2015 and October 9, 2015 to discuss the proposals, followed by a meeting of the full First Niagara Board of Directors on October 12, 2015. At the meeting of the First Niagara Board of Directors, representatives of J.P. Morgan discussed information about each of the three bidders and the financial terms of their respective proposals. The Consultant presented to the First Niagara Board of Directors regarding the Consultant's estimated valuation and related analyses. The First Niagara Board of Directors took into account a range of considerations, including the Consultant's analyses, and determined that First Niagara's estimated standalone

valuation was likely to be materially lower than any of the proposals from the bidders, and

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that the potential decline in share price upon an announcement that First Niagara would remain independent was likely to be immediate and material. Representatives of Sullivan & Cromwell reviewed again with the First Niagara Board of Directors its fiduciary duties in connection with a potential strategic business combination transaction and the regulatory requirements for the transaction. They reviewed the potential for each bidder to obtain regulatory approval in a timely manner and other aspects of the regulatory approval process, including the potential that regulators would require branch divestitures in various geographic areas in order to approve a transaction, and described the significant terms of a draft merger agreement to be circulated to the bidders selected by the First Niagara Board of Directors to continue to the second round of the bid process. The First Niagara Board of Directors instructed J.P. Morgan to invite all three bidders to continue to the second round of the bid process. That evening, J.P. Morgan sent a draft merger agreement prepared by Sullivan & Cromwell to each of the three bidders.

On October 15, 2015, Party C informed First Niagara and J.P. Morgan that it had decided to withdraw its proposal and not to participate further in the bid process.

On October 16, 2015, the KeyCorp Board of Directors participated in a telephonic conference call with KeyCorp management and representatives of Morgan Stanley during which KeyCorp management reviewed the status of KeyCorp's due diligence performed to date with respect to First Niagara.

Also on October 16, 2015, KeyCorp provided a revised draft of the merger agreement to First Niagara.

Thereafter, discussions between First Niagara, KeyCorp and Party A and their respective advisors continued, and the parties began to negotiate the terms of the potential transaction. These terms included, among other items, the structure of the potential transaction, post-closing governance matters and the treatment of, and compensation and benefits to, continuing employees of the surviving company. In connection with these discussions, on October 21, 2015, Party A's counsel delivered a revised draft of the merger agreement to J.P. Morgan, and Sullivan & Cromwell provided further revised drafts of the merger agreement to counsel to KeyCorp and Party A on October 22, 2015 and October 23, 2015, respectively. First Niagara also began to conduct a formal reverse due diligence investigation of KeyCorp and Party A, including through face-to-face meetings and conference calls between the senior management teams of First Niagara and the two bidders and through review of materials in electronic due diligence data rooms for each of the two parties established for reverse due diligence purposes.

On October 23, 2015, the KeyCorp Board of Directors participated in a telephonic conference call with KeyCorp management and representatives of Morgan Stanley during which KeyCorp management updated the KeyCorp Board of Directors on the status of KeyCorp's due diligence findings with respect to First Niagara and provided a summary of KeyCorp's acquisition and integration plans.

Members of First Niagara's senior management met with Gary M. Crosby, First Niagara's Chief Executive Officer, on October 24, 2015 to provide a detailed review of the results of the reverse due diligence and also met with the Transaction Committee on October 25, 2015 to discuss such results.

On October 25, 2015, the KeyCorp Board of Directors, members of KeyCorp management and representatives of Morgan Stanley and Simpson Thacher met and reviewed the current terms of the merger agreement for the proposed transaction based on recent negotiations with First Niagara. KeyCorp management updated the KeyCorp Board of Directors on the meetings between management teams regarding the potential transaction with First Niagara. KeyCorp management presented to the KeyCorp Board of Directors a draft of a final non-binding indication of interest with respect to the transaction, and the KeyCorp Board of Directors authorized management to submit such indication of interest to First Niagara and continue negotiations to reach a definitive agreement.

Also on October 25, 2015, following separate discussions between Sullivan & Cromwell and counsel to each of KeyCorp and Party A, respectively, each of KeyCorp and Party A delivered to Sullivan & Cromwell a revised draft of the merger agreement to be considered with each of the proposals to be submitted by KeyCorp and Party

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A on the following day. The draft provided by KeyCorp included requirements for KeyCorp to add three current members of the First Niagara Board of Directors reasonably acceptable to KeyCorp (including its Nominating and Corporate Governance Committee) to the KeyCorp Board of Directors, to contribute \$20 million to the First Niagara Foundation upon the closing of the merger and to use commercially reasonable efforts to support a meaningful employee presence in Western New York.

On October 26, 2015, KeyCorp and Party A each submitted a final non-binding indication of interest to J.P. Morgan and First Niagara. KeyCorp increased its offer from its previous proposal and provided for merger consideration consisting of a fixed exchange ratio of 0.680 KeyCorp common shares and \$2.30 in cash for each share of outstanding First Niagara common stock based on 356.272 million shares of First Niagara common stock outstanding on a fully diluted basis, which represented an indicative value of \$11.49 per share based on KeyCorp's closing stock price of \$13.52 as of October 23, 2015. The closing price of First Niagara's common stock on that day was \$10.64. In addition to KeyCorp's proposed treatment of First Niagara's preferred stock and equity awards (which was also included in KeyCorp's previous indication of interest described above), the proposal noted that KeyCorp had completed its due diligence investigation of First Niagara and that it believed it could announce a transaction quickly. Party A had also increased its offer from the range provided in its previous proposal, which increased offer was in the form of 100% Party A common stock and provided for merger consideration representing an indicative value of \$11.05 per share based on Party A's closing stock price as of October 23, 2015.

On the afternoon of October 26, 2015, the Transaction Committee held a meeting to consider the status of the proposed transaction and the final offers from KeyCorp and Party A. Representatives of J.P. Morgan discussed the financial aspects of each of the proposals, observing that the proposal from KeyCorp reflected the higher implied value per share of First Niagara common stock at that time. Representatives from KeyCorp and Party A then made presentations to the Transaction Committee regarding their proposals.

On the evening of October 26, 2015, the First Niagara Board of Directors held a meeting to consider the status of the proposed transaction and the final offers from KeyCorp and Party A. The Transaction Committee discussed with the First Niagara Board of Directors the presentations made by KeyCorp and Party A to the Transaction Committee earlier that day and recommended to the full First Niagara Board of Directors that First Niagara continue negotiations with KeyCorp. After discussion of a proposed transaction, the status of discussions with KeyCorp and Party A and the risks inherent in a transaction with either party (including the potential that regulators would require branch divestitures in order to approve a transaction), the First Niagara Board of Directors determined to continue negotiations with KeyCorp. In making its determination, the First Niagara Board of Directors considered the higher indicative value at the time of the proposal from KeyCorp, as compared to Party A's proposal, the perceived cultural and strategic fit of a potential combination with KeyCorp, the outlook for KeyCorp common shares, the potential that KeyCorp would be able to obtain regulatory approvals for the transaction on a timely basis, and other factors, including the factors described under *Recommendation of the First Niagara Board of Directors and Reasons for the Merger*, beginning on page 58.

On October 27, 2015, the First Niagara Board of Directors met to review the proposed transaction and meet with senior executives of KeyCorp. Representatives from J.P. Morgan reviewed with the First Niagara Board of Directors various financial aspects of the proposed transaction, which included the proposed exchange ratio and the implied value of the transaction to First Niagara stockholders. First Niagara's senior management presented the results of the reverse due diligence review of KeyCorp to the First Niagara Board of Directors. Finally, Beth Mooney, the Chief Executive Officer of KeyCorp, and Don Kimble, the Chief Financial Officer of KeyCorp, joined the meeting, presented KeyCorp's proposal and its vision of the combined company, and engaged in dialogue with the First Niagara Board of Directors regarding the proposed transaction. Thereafter, the First Niagara Board of Directors determined to continue its transaction process with KeyCorp, and authorized management to continue negotiations to reach a

definitive agreement with KeyCorp. First Niagara then informed Party A that First Niagara was pursuing a transaction with another party, and discussions between First Niagara and Party A with respect to a potential transaction ceased.

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Over the course of the next few days, Sullivan & Cromwell and Simpson Thacher continued to engage in negotiations to finalize the terms of the proposed transaction.

On October 29, 2015, the KeyCorp Board of Directors held a special meeting to consider approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger. At the meeting, the KeyCorp Board of Directors received an update from the KeyCorp management team on the status of negotiations with First Niagara and information regarding the proposed merger and the combined business, and reviewed the terms of the proposed transaction and the strategic rationale and anticipated benefits of the proposed transaction to KeyCorp's shareholders. Representatives of Morgan Stanley reviewed the financial analyses performed by Morgan Stanley in connection with its evaluation of the consideration to be paid by KeyCorp in connection with the merger, including discussing the various financial methodologies used in its analysis. Morgan Stanley then rendered an oral opinion (which was subsequently confirmed in writing by delivery of Morgan Stanley's written opinion dated October 29, 2015) to the effect that, as of October 29, 2015, and based upon and subject to the various assumptions, considerations, qualifications and limitations stated in its opinion, the merger consideration to be paid by KeyCorp pursuant to the merger agreement was fair, from a financial point of view, to KeyCorp. See *Opinion of KeyCorp's Financial Advisor*, beginning on page 74. A representative from Simpson Thacher reviewed the terms of the merger agreement. After considering the proposed terms of the merger agreement and the presentation of its financial advisor, and taking into consideration the matters discussed during that meeting and during prior meetings of the KeyCorp Board of Directors, including the factors described under *Recommendation of the KeyCorp Board of Directors and Reasons for the Merger*, beginning on page 72, the KeyCorp Board of Directors unanimously determined that the merger with First Niagara was advisable and in the best interests of KeyCorp and KeyCorp's shareholders and voted unanimously to approve and adopt the merger agreement and the transactions contemplated thereby and recommended that KeyCorp's shareholders approve the merger agreement. The KeyCorp Board of Directors then directed KeyCorp's management to finalize and execute a definitive merger agreement on the terms reviewed at the Board meeting.

On the evening of October 29, 2015, the First Niagara Board of Directors met with members of First Niagara's management team and its financial and legal advisors to further review the proposed transaction. First Niagara's management team apprised the First Niagara Board of Directors of its most recent discussions with regulators concerning the proposed transaction. Members of First Niagara's management team and representatives of Sullivan & Cromwell updated the First Niagara Board of Directors on the progression of negotiations with KeyCorp and certain changes to the terms of the merger agreement since the last meeting of the First Niagara Board of Directors. Representatives of J.P. Morgan updated its presentation on the financial aspects of the proposed transaction, and delivered its oral opinion to the First Niagara Board of Directors, subsequently confirmed in writing, that as of such date and based upon and subject to the various factors, assumptions and limitations set forth in its opinion, the merger consideration to be paid to the holders of First Niagara common stock in the proposed transaction with KeyCorp was fair, from a financial point of view, to such holders. See *Opinion of First Niagara's Financial Advisor*, beginning on page 62. Sullivan & Cromwell reviewed the key terms of the draft merger agreement delivered by Simpson Thacher to Sullivan & Cromwell on October 25, 2015 and reviewed the regulatory requirements for a transaction with KeyCorp. Following these discussions, and extensive review and discussion among First Niagara's directors, including consideration of the factors described under *Recommendation of the First Niagara Board of Directors and Reasons for the Merger*, beginning on page 58, and consideration of the above referenced presentations, the First Niagara Board of Directors unanimously approved and adopted the merger agreement and the transactions contemplated thereby, and declared the merger and other transactions contemplated by the merger agreement to be advisable and in the best interests of First Niagara and its stockholders. The First Niagara Board of Directors then directed management and its advisors to finalize and execute a definitive merger agreement on the terms reviewed at the Board meeting. The First Niagara Board of Directors directed that the merger agreement be submitted to First Niagara stockholders for approval and recommended that First Niagara's stockholders approve and adopt the merger agreement.





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Following the meeting of the First Niagara Board of Directors on October 29, 2015, and after finalizing the merger agreement, First Niagara and KeyCorp executed the merger agreement early in the morning of October 30, 2015. The transaction was announced in the morning of October 30, 2015 before the opening of the stock markets in New York.

**Recommendation of the First Niagara Board of Directors and Reasons for the Merger**

In reaching its decision to approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that its stockholders approve the merger proposal, the First Niagara Board of Directors consulted with First Niagara management, as well as its financial and legal advisors, and considered a number of factors, including the following factors:

the extensive review undertaken by the First Niagara Board of Directors and management, with the assistance of financial and legal advisors, with respect to the strategic alternatives available to First Niagara;

the challenges facing First Niagara as an independent institution and the First Niagara Board of Directors belief that combining with a larger financial institution would benefit First Niagara's stockholders, customers and communities;

the fact that the implied value of the merger consideration as of October 28, 2015 of about \$11.75 for each share of First Niagara common stock, based on KeyCorp's closing stock price of \$13.90 on that date, represented a 8.4% premium over the closing price of First Niagara's common stock on October 28, 2015, and a 31.2% premium over the closing price of its common stock on September 22, 2015 (the last trading day before the September 2015 press reports);

each of First Niagara's and KeyCorp's business, operations, financial condition, asset quality, earnings and prospects;

the anticipated pro forma impact of the merger on the combined company, including the expected impact on financial metrics including earnings and on regulatory capital levels;

the current and prospective environment in which First Niagara and KeyCorp operate, including national and local economic conditions, the interest rate environment, the competitive and regulatory environments for financial institutions generally, and the likely effect of these factors on First Niagara both with and without the merger;

the capital and earnings available to First Niagara as an independent company, at the time and as expected in the future, to pursue various business and strategic initiatives;

the historical performance of KeyCorp common shares, the KeyCorp common shares liquidity in terms of average daily trading volume and the level of future cash dividends anticipated to be received by First Niagara's stockholders;

the fact that 80% of the merger consideration would be in stock and with a fixed exchange ratio, which would allow First Niagara's stockholders to participate in the future performance of the combined company;

the terms of the merger agreement, including the fixed cash and stock consideration, the expected tax treatment of the merger as a reorganization for United States federal income tax purposes and the size of the termination fee in relation to the overall transaction size;

the complementary nature of the business strategies, customers, cultures, geographic areas and business lines of the two companies, which management believes should provide the opportunity to mitigate integration risks and increase potential returns including that:

the geographic scope of the two companies contains overlap, enabling cost savings and achievement of synergies;

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the nature of the business strategies, customers and geographic areas of the two companies would enable First Niagara to achieve goals it would have independently attempted to pursue in connection with its strategic plan (including greater cross-selling opportunities based on complementary product sets); and

the similarities in the two companies' community bank operating model and culture, and KeyCorp's commitment to supporting the local communities it serves;

KeyCorp's record of performance over a substantial period of time and throughout various economic cycles, including its earnings record;

the written opinion of J.P. Morgan, First Niagara's financial advisor, dated as of October 29, 2015, delivered to the First Niagara Board of Directors to the effect that, as of such date, and based upon and subject to the various factors, assumptions and limitations set forth in its opinion, the merger consideration to be paid to the holders of First Niagara common stock in the proposed transaction with KeyCorp was fair, from a financial point of view, to such holders, as more fully described below under *Opinion of First Niagara's Financial Advisor*;

KeyCorp's record of service to its communities as exemplified by its Outstanding Community Reinvestment Act examination rating for several years;

the superior nature of the proposal (including indicative value and other elements) from KeyCorp as compared to the proposals by Party A and other parties that previously had expressed interest in a transaction with First Niagara;

the fact that, in the current regulatory environment, many institutions would not be able to obtain regulatory approval for a strategic transaction with First Niagara in a timely manner or at all;

the fact that the merger agreement provides that First Niagara may take certain actions in response to an unsolicited bona fide written acquisition proposal under specific circumstances, including the First Niagara Board of Directors' determination (in accordance with the merger agreement and after consultation with First Niagara's outside legal counsel and financial advisor) that the failure to take such actions would reasonably be expected to violate its fiduciary duties under applicable law;

its review and discussions with First Niagara's management and financial and legal advisors concerning the due diligence examination of KeyCorp;

the potential risks associated with successfully integrating First Niagara's business, operations and workforce with those of KeyCorp, including the costs and risks of successfully integrating the two companies;

the potential risk of diverting management attention and resources from the operation of First Niagara's and KeyCorp's business and towards the completion of the merger and the integration of the two companies;

the regulatory and other approvals required in connection with the merger, consideration of the relevant factors expected to be assessed by the regulators for the approvals and the parties' evaluations of those factors, the expected likelihood that such approvals could be received in a reasonably timely manner and without the imposition of unacceptable conditions and the possibility that regulators may impose certain restrictions on the combined operations of First Niagara and KeyCorp (including branch divestitures) in order to grant the required approvals;

the First Niagara Board of Directors' consideration, consistent with the First Niagara charter, of KeyCorp's commitment in the merger agreement to:

provide continuing employees of First Niagara with annual base salary or wages, annual incentive opportunities and long-term incentive compensation opportunities that are no less favorable than those in effect for such employees immediately prior to the effective time of the merger, in each case, for a period of one year following the effective time of the merger;

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use commercially reasonable efforts to support a continued meaningful employee presence in Western New York; and

contribute \$20 million to the First Niagara Foundation on the closing date of the merger that would allow for the continued support of local non-profit organizations in the communities served by the combined entity.

The foregoing discussion of the information and factors considered by the First Niagara Board of Directors is not intended to be exhaustive, but includes the material factors considered by the First Niagara Board of Directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the First Niagara Board of Directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The First Niagara Board of Directors considered all these factors as a whole, including discussions with First Niagara's management and First Niagara's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

The foregoing discussion of the information and factors considered by the First Niagara Board of Directors is forward-looking in nature. This information should be read in light of the factors described under the section entitled *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 25.

For the reasons set forth above, the First Niagara Board of Directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of First Niagara and its stockholders, and unanimously approved and adopted the merger agreement and the transactions contemplated thereby. The First Niagara Board of Directors unanimously recommends that the First Niagara stockholders vote **FOR** the merger proposal, **FOR** the merger-related compensation proposal and **FOR** the First Niagara adjournment proposal, if necessary or appropriate to solicit additional proxies.

**Certain First Niagara Financial Forecasts**

First Niagara does not, as a matter of course, publicly disclose forecasts or internal projections as to its future performance, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, First Niagara management provided J.P. Morgan with certain nonpublic unaudited prospective financial information prepared by First Niagara management that was considered by J.P. Morgan for the purpose of preparing its fairness opinion, as described in this joint proxy statement/prospectus under the heading *Opinion of First Niagara's Financial Advisor* beginning on page 62. This nonpublic unaudited prospective financial information was prepared as part of First Niagara's overall process of analyzing various strategic initiatives, and was not prepared for the purposes of, or with a view toward, public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, published guidelines of the SEC regarding forward-looking statements or GAAP. A summary of certain significant elements of this information is set forth below, and is included in this joint proxy statement/prospectus solely because such information was made available to J.P. Morgan in connection with the preparation of its fairness opinion. The information included below does not comprise all of the prospective financial information provided by First Niagara to J.P. Morgan.

The financial forecasts set forth below were presented to the Board of Directors of First Niagara in October 2015. Although presented with numeric specificity, the financial forecasts reflect numerous estimates and assumptions of First Niagara management made at the time they were prepared, including based on management's expectation of lower-for-longer interest rates and low-growth economic environment, and assume execution of various strategic

initiatives that First Niagara is no longer pursuing in light of the proposed merger. These and the other estimates and assumptions underlying the financial forecasts involve judgments with respect to, among other

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things, the future interest rate environment and other economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among other things, the inherent uncertainty of the business and economic conditions affecting the industry in which First Niagara operates, and the risks and uncertainties described under *Risk Factors*, beginning on page 26, *Cautionary Statement Regarding Forward-Looking Statements*, beginning on page 25, and in the reports that First Niagara files with the SEC from time to time, all of which are difficult to predict and many of which are outside the control of First Niagara and will be beyond the control of the combined company. There can be no assurance that the underlying assumptions would prove to be accurate or that the projected results would be realized, and actual results likely would differ materially from those reflected in the financial forecasts, whether or not the merger is completed. Further, these assumptions do not include all potential actions that management could or might have taken during these time periods. The inclusion in this joint proxy statement/prospectus of the unaudited prospective financial information below should not be regarded as an indication that First Niagara, KeyCorp, their respective Boards of Directors, or J.P. Morgan considered, or now consider, these projections and forecasts to be a reliable predictor of future results. The financial forecasts are not fact and should not be relied upon as being necessarily indicative of future results, and this information should not be relied on as such. In addition, this information represents First Niagara management's evaluation at the time it was prepared of certain measures of First Niagara's expected future financial performance on a standalone basis, assuming execution of certain strategic initiatives, including a continued investment in the company's risk and technology infrastructure and balance sheet and capital optimization actions, and without reference to the proposed merger or transaction-related costs or benefits. No assurances can be given that these financial forecasts and the underlying assumptions are reasonable or that, if they had been prepared as of the date of this joint proxy statement/prospectus, similar assumptions would be used. In addition, the financial forecasts may not reflect the manner in which KeyCorp would operate the First Niagara business after the merger.

The financial forecasts summarized in this section were prepared by and are the responsibility of the management of First Niagara. KPMG LLP (First Niagara's independent registered public accounting firm) has not examined, compiled or otherwise performed any procedures with respect to the prospective financial information contained in these financial forecasts and, accordingly, KPMG LLP has not expressed any opinion or given any other form of assurance with respect thereto and they assume no responsibility for the prospective financial information. The reports of the independent registered public accounting firms either incorporated by reference or included in this joint proxy statement/prospectus relate to the historical financial information of KeyCorp and First Niagara, respectively. Such reports do not extend to the financial forecasts and should not be read to do so. No independent registered public accounting firm has examined, compiled or otherwise performed any procedures with respect to the prospective financial information contained in these financial forecasts and, accordingly, no independent registered public accounting firm has expressed any opinion or given any other form of assurance with respect thereto and no independent registered public accounting firm assumes any responsibility for the prospective financial information.

By including in this joint proxy statement/prospectus a summary of certain financial forecasts, neither KeyCorp nor First Niagara nor any of their respective representatives has made or makes any representation to any person regarding the ultimate performance of First Niagara or KeyCorp compared to the information contained in the financial forecasts. **Neither First Niagara, KeyCorp nor, after completion of the merger, the combined company undertakes any obligation to update or otherwise revise the financial forecasts or financial information to reflect circumstances existing since their preparation or to reflect the occurrence of subsequent or unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions.**

The financial forecasts summarized in this section are not being included in this joint proxy statement/prospectus in order to induce any First Niagara stockholder to vote in favor of the merger proposal or any of the other proposals to

be voted on at the First Niagara special meeting or to induce any KeyCorp shareholder to vote in favor of the merger proposal or any of the other proposals to be voted on at the KeyCorp special meeting.



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The following table presents select unaudited prospective financial data for the fiscal years ending December 31, 2015 through December 31, 2019 prepared by First Niagara's management.

**Income Statement Data\***

(Dollars in millions)

	At or for the Year Ended				
	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total revenue	\$ 1,401	\$ 1,446	\$ 1,501	\$ 1,580	\$ 1,655
Loan loss provision	(87)	(99)	(111)	(124)	(133)
Noninterest expense	(984)	(1,017)	(1,036)	(1,069)	(1,089)
Income before income tax expense	\$ 331	\$ 331	\$ 355	\$ 385	\$ 433
Income tax expense	(93)	(95)	(106)	(119)	(134)
Net income (operating)**	\$ 238	\$ 236	\$ 248	\$ 266	\$ 299

**Balance Sheet Data\***

(Dollars in millions)

	At or for the Year Ended				
	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total assets	\$ 39,160	\$ 39,610	\$ 39,178	\$ 40,718	\$ 40,926
Common Equity Tier 1	8.7%	9.0%	9.0%	8.8%	9.0%

\* Amounts are rounded.

\*\* Excludes Preferred Dividend and restructuring charges.

**Opinion of First Niagara's Financial Advisor**

First Niagara retained J.P. Morgan as its financial advisor in connection with the merger pursuant to an engagement letter effective as of July 29, 2015.

At the meeting of the First Niagara Board of Directors on October 29, 2015, J.P. Morgan rendered its oral opinion to the First Niagara Board of Directors (which was subsequently confirmed in writing by delivery of J.P. Morgan's written opinion dated the same date) that, as of such date and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration to be paid to the holders of First Niagara common stock in the merger was fair, from a financial point of view, to such holders. The J.P. Morgan written opinion, dated October 29, 2015, is sometimes referred to herein as the J.P. Morgan opinion.

**The full text of the J.P. Morgan opinion which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken in rendering its opinion, is attached as Appendix B to this joint proxy statement/prospectus and is incorporated herein by reference. The summary of J.P. Morgan's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. First Niagara stockholders should read this opinion carefully and in its entirety. J.P. Morgan's written opinion is addressed to the First Niagara Board of Directors, is directed only to the fairness, from a financial point of view, of the merger consideration to be paid to the holders of First Niagara common stock in the merger and does not constitute a recommendation to any holder of shares of First Niagara common stock as to**

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**how such stockholder should vote with respect to the merger or any other matter at the First Niagara special meeting or whether to take any other action with respect to the merger. The issuance of the J.P. Morgan opinion was approved by a fairness opinion committee of J.P. Morgan. J.P. Morgan provided its opinion to the First Niagara Board of Directors (in its capacity as such) in connection with and for the purpose of its evaluation of the merger. The merger consideration to be paid to the holders of shares of First Niagara common stock was determined in negotiations between KeyCorp and First Niagara, and the decision to approve and recommend the transactions contemplated by the merger agreement to First Niagara's stockholders was made independently by the First Niagara Board of Directors. J.P. Morgan's opinion and financial analyses were among the many factors considered by the First Niagara Board of Directors in its evaluation of the transactions contemplated by the merger agreement and should not be viewed as determinative of the views of the First Niagara Board of Directors or management with respect to the merger consideration or the transactions contemplated by the merger agreement.**

In arriving at its opinion, J.P. Morgan, among other things:

reviewed a draft of the merger agreement dated October 29, 2015;

reviewed certain publicly available business and financial information concerning First Niagara and KeyCorp and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;

compared the financial and operating performance of First Niagara and KeyCorp with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of First Niagara common stock and KeyCorp common shares and certain publicly traded securities of such other companies;

reviewed certain financial analyses and forecasts prepared by or at the direction of the management of First Niagara relating to the respective businesses of First Niagara and KeyCorp, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the merger as directed by First Niagara management; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the management of First Niagara and KeyCorp with respect to certain aspects of the merger, the past and current business operations of First Niagara and KeyCorp, the financial condition, future prospects and operations of First Niagara and KeyCorp, the expected effects of the merger on the financial condition and future prospects of First Niagara and KeyCorp, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by First Niagara or KeyCorp or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor did it assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities of First Niagara or KeyCorp, nor did J.P. Morgan conduct any review of individual credit files of First Niagara or KeyCorp or evaluate the solvency of First Niagara or KeyCorp under any state or federal laws relating to bankruptcy, insolvency or similar matters. J.P. Morgan is not an expert in the evaluation of loan and lease portfolios or assessing the adequacy of the allowances for losses with respect thereto and, accordingly, J.P. Morgan did not make an independent evaluation of the adequacy of the allowance for loan and lease losses of First Niagara or KeyCorp, and J.P. Morgan assumed, with the consent of First Niagara, that the respective allowances for loan and lease losses for both First Niagara and KeyCorp, respectively, are adequate to cover such losses and will be adequate

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on a pro forma basis for the combined entity. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom (including the synergies referred to above), J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best then-available estimates and judgments by management as to the expected future results of operations and financial condition of First Niagara and KeyCorp to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts (including the synergies referred to above) or the assumptions on which they were based. J.P. Morgan also assumed that the merger and the other transactions contemplated by the merger agreement will qualify as a tax-free reorganization for United States federal income tax purposes and will be consummated as described in the merger agreement. J.P. Morgan also assumed that the definitive merger agreement would not differ in any material respects from the draft furnished to it, that the representations and warranties made by First Niagara and KeyCorp in the merger agreement and the related agreements are and will be true and correct in all respects material to J.P. Morgan's analysis, and that the covenants and agreements contained in the merger agreement will be performed in all respects material to its analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to First Niagara with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on First Niagara or KeyCorp or on the contemplated benefits of the merger.

The J.P. Morgan opinion was based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of the J.P. Morgan opinion. Subsequent developments may affect the J.P. Morgan opinion, and J.P. Morgan does not have any obligation to update, revise or reaffirm its opinion. The J.P. Morgan opinion is limited to the fairness, from a financial point of view, of the merger consideration to be paid to the holders of First Niagara common stock in the merger, and J.P. Morgan expressed no opinion as to the fairness of any consideration paid in connection with the merger to the holders of any other class of securities, creditors or other constituencies of First Niagara or as to the underlying decision by First Niagara to engage in the merger. J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the merger, or any class of such persons relative to the merger consideration to be paid to the holders of First Niagara common stock pursuant to the merger agreement or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which First Niagara common stock or KeyCorp common shares will trade at any future time.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses undertaken by J.P. Morgan in connection with rendering the J.P. Morgan opinion. The following summary, however, does not purport to be a complete description of the financial analyses performed by J.P. Morgan. Some of the summaries of the financial analyses include information presented in tabular format. **The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by J.P. Morgan, the tables must be read together with the full text of each summary.** Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan's financial analyses.

Certain of the financial analyses are presented on an equity value per share basis. In arriving at equity value per share for First Niagara and KeyCorp, the share count in all cases when J.P. Morgan derived an equity value per share was based, in the case of First Niagara, on First Niagara management's estimate of First Niagara's fully diluted shares outstanding as of September 30, 2015 of approximately 354.8 million and, in the case of KeyCorp, on KeyCorp management's estimate of KeyCorp's fully diluted shares outstanding as of September 30, 2015 of approximately 836.3 million with diluted share count in each case calculated using the treasury stock method of net share settlement for outstanding options.



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***First Niagara Public Trading Multiples Analysis***

Using publicly available information, J.P. Morgan compared selected financial and market data of First Niagara with similar data for a number of companies, including the following selected companies:

Webster Bank, N.A.;

First Horizon National Corporation;

Zions Bancorporation;

Associated Banc-Corp;

M&T Bank Corporation;

Cullen/Frost Bankers, Inc.;

Comerica, Inc.; and

BOK Financial Corporation.

Multiples were based on closing stock prices on October 28, 2015, and for First Niagara also as of September 22, 2015, the last full day of trading prior to the media reports that First Niagara was working with J.P. Morgan to evaluate strategic alternatives. See *Background of the Merger* beginning on page 51. For each of the following analyses performed by J.P. Morgan, financial and market data and earnings per share estimates for the selected companies were based on the selected companies' public filings and information J.P. Morgan obtained from SNL Financial and FactSet Research Systems, as well as Institutional Brokers' Estimate System (I/B/E/S) consensus estimates. The multiples and ratios for each of the selected companies were based on the most recent publicly available information.

With respect to the selected companies, the information J.P. Morgan presented included:

multiple of price to estimated earnings per share for the fiscal year 2016 (Price / 2016E EPS);

multiple of price to tangible book value per share (Price / TBV); and

the 2016 estimated return on average tangible common equity (2016E ROATCE).

In the case of M&T, the financial information was pro forma for pending acquisitions. Results of the analysis were presented for the selected companies, as indicated in the following table:

	<b>Selected Companies Median</b>	<b>First Niagara (October 28, 2015)</b>	<b>First Niagara (September 22, 2015)</b>
<b>Price / 2016E EPS</b>	14.8x	18.1x	14.9x
<b>Price / TBV</b>	1.6x	1.6x	1.3x
<b>2016E ROATCE</b>	10.7%	9.8%	9.8%

J.P. Morgan also performed a regression analysis to review, for the selected companies identified above, the relationship between (i) Price / TBV and (ii) the 2016E ROATCE based on available estimates obtained from public filings, SNL Financial and FactSet Research Systems and First Niagara management projections. Based on this analysis, J.P. Morgan derived a reference range for the implied Price / TBV multiple of First Niagara common stock of 1.22x to 1.38x.

Based on the above analysis, J.P. Morgan then applied a multiple reference range of 14.0x to 16.0x for Price / 2016E EPS and 1.22x to 1.38x for Price / TBV to First Niagara's management estimate of First Niagara's earnings per share for the fiscal year 2016 and First Niagara's tangible book value per share, respectively. The analysis indicated the following equity values per share of First Niagara common stock, as compared to the implied merger consideration of \$11.75 per share of First Niagara common stock (the Assumed



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Consideration ), which was calculated based on the sum of (x) the cash merger consideration of \$2.30 plus (y) the stock portion at the fixed exchange ratio of 0.680 multiplied by a closing stock price of KeyCorp common shares of \$13.90 on October 28, 2015:

	<b>Equity Value Per Share</b>	
<b>Price / 2016E EPS</b>	\$ 8.08	\$9.24
<b>Price / TBV</b>	\$ 8.26	\$9.33

***First Niagara Dividend Discount Analysis***

J.P. Morgan calculated a range of implied values for First Niagara common stock by discounting to present value estimates of First Niagara's future dividend stream and terminal value. In performing its analysis, J.P. Morgan utilized, among others, the following assumptions, which were reviewed and approved by First Niagara management:

December 31, 2015 valuation date, which was discounted to October 28, 2015;

a terminal value based on 2026 net income and a multiple range of 12.0x to 14.0x;

earnings and asset assumptions based on First Niagara management long-term projections for 2015-2019 and on management provided or directed growth rates thereafter;

cost of excess capital of 2.0% (pre-tax);

35% marginal tax rate;

dividends per share held constant;

discount rates from 8.5% to 9.5%;

target Tier 1 common equity ratio of 9.0%; and

mid year convention.

These calculations resulted in a range of implied values of \$7.80 to \$9.29 per share of First Niagara common stock, as compared to the Assumed Consideration of \$11.75 per share of First Niagara common stock, as illustrated by the following table:

Discount Rate	Terminal Multiple		
	12.0x	13.0x	14.0x
8.5%	\$ 8.42	\$ 8.86	\$ 9.29
9.0%	8.10	8.52	8.93
9.5%	7.80	8.20	8.59

*Sensitivity of First Niagara Dividend Discount Analysis to Variations in Target Tier 1 Common Equity Ratio*

J.P. Morgan also performed a dividend discount analysis to determine the sensitivity of First Niagara's equity value to variations in First Niagara's target Tier 1 common equity ratio upward and downward from the assumed ratio of 9.0% referred to above. The analysis was based on a discount rate of 9.0% and indicated a range of equity values by varying the target Tier 1 common ratio from 8.5% to 9.5%. The analysis indicated the following equity values per share of First Niagara common stock, as compared to the Assumed Consideration of \$11.75 per share:

Tier 1 Common Target	Terminal Multiple		
	12.0x	13.0x	14.0x
8.5%	\$ 8.49	\$ 8.90	\$ 9.31
9.0%	8.10	8.52	8.93
9.5%	7.72	8.14	8.56

**Table of Contents*****Precedent Transactions Analysis***

Using publicly available information, J.P. Morgan examined a number of bank transactions over \$1 billion after December 31, 2011, including the following selected transactions:

<b>Announcement Date</b>	<b>Buyer</b>	<b>Target</b>
8/17/2015	BB&T Corporation	National Penn Bancshares, Inc.
11/12/2014	BB&T Corporation	Susquehanna Bancshares, Inc.
7/22/2014	CIT Group Inc.	OneWest Bank Group LLC
9/11/2013	Umpqua Holdings Corporation	Sterling Financial Corporation
7/22/2013	PacWest Bancorp	CapitalSource, Inc.
3/12/2012	Mitsubishi UFG Financial Group, Inc.	Pacific Capital Bancorp

For each of the precedent transactions, J.P. Morgan examined, among other things, the multiple of the implied transaction price to next twelve months earnings per share (NTM EPS), based on First Niagara management's projections in the case of First Niagara and I/B/E/S in the case of the other transactions.

In examining the data related to the selected transactions described above, J.P. Morgan observed a transaction price to NTM EPS multiple mean of 17.7x and a multiple median of 17.5x, compared to the KeyCorp-First Niagara transaction price to NTM EPS multiple of 20.3x.

Based on the above analysis, J.P. Morgan then applied a multiple reference range of 16.0x to 20.0x to First Niagara management's estimate of NTM EPS of \$0.58 and derived a range of equity values per share of First Niagara common stock of \$9.27 to \$11.59, as compared to the Assumed Consideration of \$11.75 per share.

***KeyCorp Public Trading Multiples Analysis***

Using publicly available information, J.P. Morgan compared selected financial and market data of KeyCorp with similar data for the following companies:

Zions First National Bank;

M&T Bank Corporation;

Comerica, Inc.;

Citizens Financial Group, Inc.;

Huntington Bancshares, Inc.;

BB&T Corporation;

SunTrust Banks, Inc.;

Regions Financial Corporation; and

Fifth Third Bancorp.

Multiples were based on closing stock prices on October 28, 2015. For each of the following analyses performed by J.P. Morgan, financial and market data and earnings per share estimates for the selected companies were based on the selected companies' public filings and information J.P. Morgan obtained from SNL Financial and FactSet Research Systems, as well as I/B/E/S consensus estimates. The multiples and ratios for each of the selected companies were based on the most recent publicly available information.

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With respect to the selected companies, the information J.P. Morgan presented included:

Price / 2016E EPS;

Price / TBV; and

2016E ROATCE.

In the cases of M&T and BB&T, the financial information was pro forma for pending acquisitions. Results of the analysis were presented for the selected companies, as indicated in the following table:

	<b>Selected Companies</b>	
	<b>Median</b>	<b>KeyCorp</b>
<b>Price / 2016E EPS</b>	12.6x	11.5x
<b>Price / TBV</b>	1.3x	1.2x
<b>2016E ROATCE</b>	10.8%	10.6%

J.P. Morgan also performed a regression analysis to review, for the selected companies identified above, the relationship between (i) Price / TBV and (ii) the 2016E ROATCE based on available estimates obtained from public filings, SNL Financial and FactSet Research Systems and extrapolations of KeyCorp IBES median analyst estimates as directed by First Niagara management. Based on this analysis, J.P. Morgan derived a reference range for the implied Price / TBV multiple of KeyCorp common shares of 1.26x to 1.53x.

Based on the above analysis, J.P. Morgan then applied a multiple reference range of 12.0x to 14.0x for Price / 2016E EPS and 1.26x to 1.53x for Price / TBV to First Niagara's management estimate of KeyCorp's earnings per share for the fiscal year 2016 and KeyCorp's tangible book value per share, respectively. The analysis indicated the following equity values per KeyCorp common share, as compared to the closing price of KeyCorp common shares of \$13.90 on October 28, 2015:

	<b>Equity Value Per Share</b>	
<b>Price / 2016E EPS</b>	\$ 14.47	\$16.88
<b>Price / TBV</b>	\$ 14.12	\$17.07

**KeyCorp Dividend Discount Analysis**

J.P. Morgan calculated a range of implied values for KeyCorp common shares by discounting to present value estimates of KeyCorp's future dividend stream and terminal value. In performing its analysis, J.P. Morgan utilized, among others, the following assumptions, which were reviewed and approved by First Niagara management:

December 31, 2015 valuation date, which was discounted to October 28, 2015;

a terminal value based on 2026 net income and a multiple of 11.0x to 13.0x;

earnings and asset assumptions as provided or directed by First Niagara management;

cost of excess capital of 2.0% (pre-tax);

35% marginal tax rate;

dividends per share of \$0.29 in 2015, \$0.32 in 2016, \$0.35 in 2017 and \$0.38 in 2018 and constant 25% dividend payout thereafter;

discount rates from 9.0% to 10.0%;

target Tier 1 common equity ratio of 10.0%, reduced by 0.25% annually beginning in 2020 to 9.0%; and

mid year convention.

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These calculations resulted in a range of implied values of \$15.70 to \$18.28 per KeyCorp common share, as compared to the closing price of KeyCorp common shares of \$13.90 on October 23, 2015 as illustrated by the following table:

Discount Rate	Terminal Multiple		
	11.0x	12.0x	13.0x
9.0%	\$ 16.79	\$ 17.53	\$ 18.28
9.5%	16.23	16.94	17.66
10.0%	15.70	16.38	17.06

*Sensitivity of KeyCorp Dividend Discount Analysis to Variations in Target Tier 1 Common Equity Ratio*

J.P. Morgan also performed a dividend discount analysis to determine the sensitivity of KeyCorp's equity value to variations in KeyCorp's target beginning Tier 1 common equity ratio upward and downward from the assumed beginning ratio of 10.0% referred to above. The analysis used a discount rate of 9.5% and indicated a range of equity values by varying the target beginning Tier 1 common ratio from 9.5% to 10.5%. The analysis indicated the following equity values per KeyCorp common share:

Beginning Tier 1 Common Target	Terminal Multiple		
	11.0x	12.0x	13.0x
9.5%	\$ 16.81	\$ 17.52	\$ 18.24
10.0%	16.23	16.94	17.66
10.5%	15.64	16.36	17.08

*Relative Valuation Analysis*

Based upon the implied valuations for each of First Niagara and KeyCorp as derived above under *First Niagara Public Trading Multiples Analysis*, *First Niagara Dividend Discount Analysis*, *KeyCorp Public Trading Multiples Analysis* and *KeyCorp Dividend Discount Analysis*, J.P. Morgan calculated a range of implied exchange ratios of a share of First Niagara common stock to a KeyCorp common share, and then compared that range of implied exchange ratios to an assumed all stock exchange ratio for the merger of 0.845x (the Assumed Exchange Ratio) determined by assuming the \$2.30 per share cash portion of the merger consideration was paid in KeyCorp common shares using the closing price of KeyCorp common shares of \$13.90 on October 28, 2015, to convert the cash portion of the merger consideration to stock, and adding such additional per share amount of KeyCorp common shares (0.165x) to the exchange ratio for the stock portion of the merger consideration of 0.680x.

For each of the analyses referred to above, J.P. Morgan calculated the ratio implied by dividing the low end of each range of implied equity values of First Niagara by the high end of each range of implied equity values of KeyCorp. J.P. Morgan also calculated the ratio implied by dividing the high end of each range of implied equity values of First Niagara by the low end of each range of implied equity values of KeyCorp.

In each case, the implied exchange ratios were compared to the Assumed Exchange Ratio of 0.845x and did not include any synergies. This analysis indicated the following implied exchange ratios:

**Comparison**

	<b>Range of Implied Exchange Ratios</b>	
<b>Public Trading Multiple Analysis</b>		
Price / 2016E EPS	0.479	0.639
Price / TBV	0.452	0.699
Dividend Discount Analysis	0.427	0.592



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J.P. Morgan analyzed the contribution of each of First Niagara and KeyCorp to the pro forma combined company with respect to market capitalization (in the case of First Niagara as of September 22, 2015, the date of a rumor of a potential merger, and in the case of KeyCorp as of October 28, 2015). In addition, J.P. Morgan analyzed the contribution of each of First Niagara and KeyCorp to the pro forma combined company with respect to estimated net income for fiscal years 2016 and 2017 (based on First Niagara management projections or as directed by First Niagara management) and tangible common equity. For purposes of the contribution analysis, J.P. Morgan assumed no share repurchases would be effected by First Niagara during the periods measured.

The analyses yielded the following pro forma contributions to the combined company with percentage ownership of First Niagara stockholders ranging from a low of 17.0% ownership to a high of 22.7% ownership, in each case compared to a percentage ownership of 26.6% (based on the Assumed Consideration payable 100% in the form of stock consideration and assuming a value for the KeyCorp common shares equal to the closing stock price of KeyCorp common shares of \$13.90 on October 28, 2015):

<b>First Niagara Stockholders Percentage of Ownership</b>	
<b>Market Capitalization</b>	
Market capitalization as of September 22, 2015 for First Niagara and October 28, 2015 for KeyCorp	21.5%
<b>Income Statement</b>	
2016E Net Income	17.3%
2017E Net Income	17.0%
<b>Balance Sheet</b>	
Tangible Common Equity	20.5%
<b>Ownership based on 100% Stock Consideration</b>	26.6%

***Historical Exchange Ratio Analysis***

J.P. Morgan compared the historical average exchange ratio between First Niagara common stock and KeyCorp common shares during different periods between October 28, 2014 and October 28, 2015. The historical average exchange ratios were calculated by dividing the daily closing price per share of First Niagara common stock by the daily closing price per KeyCorp common share for each trading day in the indicated periods and then calculating the average for such period. This analysis assumed the merger consideration would be paid 100% in stock (using the Assumed Exchange Ratio) and, for the period after September 22, 2015, the date of the media reports that First Niagara was working with J.P. Morgan to evaluate strategic alternatives, a price per share of First Niagara stock of \$8.96, the price on September 22, 2015. The table below sets forth the average exchange ratios for the time periods indicated:

<b>Time Period</b>	<b>Average Exchange Ratio</b>
5-day	0.665x
20-day	0.678x

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1-month	0.680x
3-month	0.674x
6-month	0.647x
9-month	0.641x
12-month	0.630x
YTD	0.638x

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**Table of Contents*****Value Creation Analysis***

At First Niagara management's direction and based on First Niagara management's projections, First Niagara and KeyCorp public filings, SNL Financial and Factset, and extrapolations at KeyCorp, IBES medium analyst estimates as directed by First Niagara management. J.P. Morgan prepared a value creation analysis that compared the equity value of First Niagara (based on the dividend discount analysis) to the First Niagara stockholders' portion of the pro forma combined company equity value plus the aggregate cash consideration to be paid to First Niagara shareholders. J.P. Morgan determined the pro forma combined company equity value by calculating (x) the sum of (i) the equity value of KeyCorp derived using the midpoint value determined in J.P. Morgan's dividend discount analysis described above in KeyCorp Dividend Discount Analysis, (ii) the equity value of First Niagara derived using the midpoint value determined in J.P. Morgan's dividend discount analysis described above in First Niagara Dividend Discount Analysis (the Standalone Value) and (iii) the estimated present value of expected synergies, net of restructuring charges (using synergy net of restructuring charges amounts reviewed and approved by First Niagara management, the midpoint of a discount rate range of 8.5-9.5% and the midpoint of an exit multiple range of 12.0x-14.0x), less (y) the aggregate cash consideration to be paid to First Niagara stockholders in the merger. There can be no assurance that the synergies and transaction-related expenses will not be substantially greater or less than the estimate described above. The value creation analysis, at the exchange ratio of 0.680x, \$2.30 cash per share of First Niagara common stock and cost savings of 40% of annualized most recent quarter noninterest expense, yielded accretion to the holders of First Niagara common stock of 70.2% or \$2.1 billion in aggregate, as compared to the Standalone Value.

***Certain Other Information***

J.P. Morgan also reviewed and presented other information, solely for reference purposes, including:

historical trading prices of First Niagara common stock during the one-year period ended October 28, 2015, noting that the low and high closing prices during such period were \$7.21 and \$10.84, respectively;

analyst share price targets for First Niagara common stock in recently published, publicly available research analysts' reports, noting that the low and high share price targets ranged from \$9.00 to \$12.00;

historical trading prices of KeyCorp common shares during the one-year period ended October 28, 2015, noting that the low and high closing prices during such period were \$12.04 and \$15.70, respectively;

analyst share price targets for KeyCorp common shares in recently published, publicly available research analysts' reports, noting that the low and high share price targets ranged from \$13.00 to \$17.50.

***Miscellaneous***

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight

to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or

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less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies nor selected transactions reviewed is identical to First Niagara or KeyCorp, or the merger, as the case may be. However, such companies selected were chosen by J.P. Morgan because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan's analysis, may be considered similar to those of First Niagara or KeyCorp, as applicable. The transactions selected were similarly chosen by J.P. Morgan because their participants, size and other factors may be considered similar to the merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to First Niagara, KeyCorp or the transactions compared to the merger, as applicable.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise First Niagara with respect to the merger on the basis of such experience and its familiarity with First Niagara.

For financial advisory services rendered in connection with the merger, First Niagara has agreed to pay J.P. Morgan a fee of 0.75% of the total consideration in the merger, which includes the cash consideration and stock consideration to be paid to holders of First Niagara common stock at the consummation of the merger. Based on the closing stock price of KeyCorp shares on October 28, 2015, the J.P. Morgan fee would be approximately \$31 million, of which \$5 million was payable at the time J.P. Morgan delivered its opinion to the First Niagara Board of Directors and the remainder of which will become payable if the merger is consummated. In addition, First Niagara has agreed to reimburse J.P. Morgan for certain expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan for certain liabilities, including liabilities arising under the federal securities laws.

During the two years preceding the date of this letter, J.P. Morgan and its affiliates have not had any other material financial advisory or other material commercial or investment banking relationships with First Niagara. During the two years preceding the date of this letter, J.P. Morgan and its affiliates have had commercial or investment banking relationships with KeyCorp, for which J.P. Morgan and such affiliates have received customary compensation in the amount of approximately \$7.25 million. Such services during such period have included acting as a joint bookrunner on KeyCorp's bond offerings in September of 2015, three bond offerings in May of 2015, February of 2015, November of 2014, and two bond offerings in November of 2013. In addition, J.P. Morgan's commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of First Niagara, for which it receives customary compensation or other financial benefits, and J.P. Morgan or its affiliates owned on a proprietary basis on October 29, 2015 0.12% of First Niagara's outstanding common stock and 0.05% of the KeyCorp's common shares. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of First Niagara or KeyCorp for its or their own accounts or for the accounts of customers and, accordingly, J.P. Morgan and its affiliates may at any time hold long or short positions in such securities.

**Recommendation of the KeyCorp Board of Directors and Reasons for the Merger**

After careful consideration, the KeyCorp Board of Directors, at a special meeting held on October 29, 2015, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the articles amendment and regulations amendment, are in the best interests of KeyCorp and its shareholders. Accordingly, the KeyCorp Board of Directors approved the merger agreement, the articles amendment and the regulations amendment and unanimously recommends that KeyCorp shareholders vote **FOR** the adoption of

the merger agreement, **FOR** the approval of the articles amendment and the regulations amendment and **FOR** the KeyCorp adjournment proposal (if necessary or appropriate).

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In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the articles amendment and regulations amendment, and to recommend that KeyCorp's shareholders adopt the merger agreement and approve the articles amendment and the regulations amendment, the KeyCorp Board of Directors consulted with KeyCorp management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

each of KeyCorp's and First Niagara's business, operations, financial condition, asset quality, earnings and prospects. In reviewing these factors, the KeyCorp Board of Directors considered the following:

that shareholders of KeyCorp and First Niagara would benefit from expected annual cost savings in excess of \$400 million from maximizing efficiencies of technology infrastructure, procurement savings across the combined organization and optimizing overlapping branches, as described in *Unaudited Pro Forma Combined Condensed Consolidated Financial Information* beginning on page 113 of this joint proxy statement/prospectus;

its view that First Niagara's business and operations complement those of KeyCorp (including by driving revenue synergies as a result of a broader suite of products deployed to clients and by strengthening its core operating and financial metrics);

that the merger would leverage KeyCorp's commercial and corporate banking expertise with First Niagara's community banking and residential mortgage expertise to create a more balanced franchise across consumer and commercial businesses;

that the merger would diversify KeyCorp's loan portfolio, strengthen its core retail deposit franchise and provide expanded scale;

that the merger would create a leading regional bank with enhanced scale to serve three million clients across diverse markets in the Northeast (including Upstate New York, Pennsylvania, Massachusetts and Connecticut), Mid-Atlantic, Midwest and Pacific Northwest;

the anticipated pro forma impact of the transaction on the combined company, including the expected impact on financial metrics (including earnings per share, return on invested capital, return on tangible common equity and cash efficiency ratio) and on capital ratios; and

the impact of the merger on certain of KeyCorp's financial metrics, including its dilutive impact on KeyCorp's tangible book value per share.

its understanding of the current and prospective environment in which KeyCorp and First Niagara operate, including national and local economic conditions, the competitive environment for financial institutions generally, and the likely effect of these factors on KeyCorp both with and without the proposed transaction;

its review and discussions with KeyCorp's management and its legal and financial advisors concerning the due diligence review of First Niagara;

the expectation of KeyCorp management that KeyCorp will maintain its strong capital ratios upon completion of the transaction;

the compatible nature of the cultures of the two companies, which KeyCorp management believes should facilitate integration and implementation of the transaction, and the complementary nature of the products, customers and markets of the two companies, which KeyCorp management believes should provide the opportunity to mitigate integration risks and increase potential returns;

the financial and other terms of the merger agreement, including the fixed exchange ratio for the stock portion of the merger consideration, the expected tax treatment and the deal protection and termination fee provisions, which it reviewed with its outside financial and legal advisors;



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the opinion, dated October 29, 2015, of Morgan Stanley to the KeyCorp Board of Directors to the effect that, as of the date of the opinion, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth therein, the merger consideration to be paid by KeyCorp pursuant to the merger agreement was fair, from a financial point of view, to KeyCorp. The opinion and the related financial analyses presented by Morgan Stanley to the KeyCorp Board of Directors are more fully described under *The Merger Opinion of KeyCorp's Financial Advisor* beginning on page 74;

the fact that KeyCorp's and First Niagara's shareholders will have an opportunity to vote on the adoption of the merger agreement;

the right of the First Niagara Board of Directors under the merger agreement to withdraw its recommendation to the First Niagara stockholders that they adopt the merger agreement in certain circumstances, as more fully described under *The Merger Agreement Covenants and Agreements* beginning on page 96, and the right of the First Niagara Board of Directors to terminate the merger agreement in certain circumstances, as more fully described under *The Merger Agreement Termination; Termination Fee* beginning on page 106;

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating First Niagara's business, operations and workforce with those of KeyCorp, including the costs and risks of successfully integrating the differing business models of the two companies;

the nature and amount of payments and other benefits to be received by First Niagara management in connection with the merger pursuant to existing First Niagara plans and compensation arrangements and the merger agreement;

the potential risk of diverting management attention and resources from the operation of KeyCorp's business and towards the completion of the merger and the integration of the two companies; and

the regulatory and other approvals required in connection with the merger and the expected likelihood that such regulatory approvals will be received in a reasonably timely manner and without the imposition of unacceptable conditions.

The foregoing discussion of the information and factors considered by the KeyCorp Board of Directors is not intended to be exhaustive, but KeyCorp believes it addresses the material information and factors considered by the KeyCorp Board of Directors in its consideration of the merger and the other transactions contemplated by the merger agreement, including factors that may support the merger as well as factors that may weigh against it. In view of the variety of factors and the amount of information considered, the KeyCorp Board of Directors did not find it practicable to quantify or otherwise assign any relative weights to, and did not make specific assessments of, the factors considered in reaching its determination, and individual members of the KeyCorp Board of Directors may have given different weights to different factors. The above factors are not listed in any particular order of priority. The KeyCorp Board of Directors did not reach any specific conclusion with respect to any of the factors or reasons considered and considered all these factors as a whole, including discussions with, and questioning of, KeyCorp's management and KeyCorp's financial and legal advisors, and overall considered the factors to be favorable to, and to

support, its determination.

It should be noted that this explanation of the KeyCorp Board of Directors' reasoning and all other information presented in this section is forward-looking in nature, and therefore should be read in light of the factors discussed under the heading *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 25.

### **Opinion of KeyCorp's Financial Advisor**

KeyCorp retained Morgan Stanley to provide it with financial advisory services in connection with a possible acquisition of First Niagara, and, if requested by KeyCorp, a financial opinion with respect thereto. KeyCorp selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and

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reputation and its knowledge of the business and affairs of KeyCorp. Morgan Stanley rendered to the KeyCorp Board of Directors at its special meeting on October 29, 2015 its oral opinion, subsequently confirmed by delivery of a written opinion dated October 29, 2015, that, as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth therein, the merger consideration to be paid by KeyCorp pursuant to the merger agreement was fair, from a financial point of view, to KeyCorp.

**The full text of the written opinion of Morgan Stanley, dated October 29, 2015, is attached as Appendix C and incorporated by reference into this joint proxy statement/prospectus. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. Shareholders are urged to, and should, read the opinion carefully and in its entirety. Morgan Stanley's opinion is directed to the KeyCorp Board of Directors and addresses only the fairness, from a financial point of view, to KeyCorp of the merger consideration to be paid by KeyCorp pursuant to the merger agreement as of the date of the opinion. Morgan Stanley's opinion does not address any other aspect of the transactions contemplated by the merger agreement and does not constitute a recommendation to shareholders of KeyCorp or shareholders of First Niagara as to how to vote at any shareholders meetings held with respect to the merger or any other matter or whether to take any other action with respect to the merger. The summary of Morgan Stanley's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. In addition, the opinion does not in any manner address the price at which KeyCorp common shares will trade following the consummation of the merger or at any time.**

For purposes of rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of KeyCorp and First Niagara, respectively;

reviewed certain internal financial statements and other financial and operating data concerning KeyCorp and First Niagara, respectively;

reviewed Institutional Brokers Estimate System ( IBES ) consensus estimates relating to KeyCorp;

reviewed IBES consensus estimates relating to First Niagara that were adjusted pursuant to guidance from management of KeyCorp;

discussed the past and current operations and financial condition and the prospects of First Niagara with senior executives of First Niagara;

discussed the past and current operations and financial condition and the prospects of KeyCorp, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of KeyCorp;

reviewed the pro forma impact of the merger on KeyCorp's earnings per share ( EPS ), cash flow, consolidated capitalization and financial ratios;

reviewed the reported prices and trading activity for First Niagara's common stock and KeyCorp's common shares;

compared the financial performance of First Niagara and KeyCorp and the prices and trading activity of First Niagara common stock and KeyCorp common shares with that of certain other publicly-traded companies comparable with First Niagara and KeyCorp, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in certain discussions and negotiations among representatives of First Niagara and KeyCorp and their financial and legal advisors;

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reviewed the merger agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by KeyCorp and First Niagara, and formed a substantial basis for its opinion. With respect to adjustments made pursuant to guidance from management of KeyCorp to the IBES consensus estimates relating to First Niagara, Morgan Stanley assumed that such adjustments had been reasonably prepared on bases reflecting the best then currently available estimates and judgments of the management of KeyCorp of the future financial performance of First Niagara. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions that were material to its analysis, and that the merger agreement would not differ in any material respects from the drafts thereof furnished to Morgan Stanley. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions would be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger. Morgan Stanley is not an expert in the evaluation of allowance for loan losses, and it has neither made an independent evaluation of the adequacy of the allowance for loan losses at First Niagara, nor has it examined any individual loan credit files of First Niagara or been requested to conduct such a review. Morgan Stanley has relied upon, without independent verification, the assessments by the management of KeyCorp of the estimated loan losses of First Niagara. Morgan Stanley is not a legal, tax, or regulatory advisor. Morgan Stanley is a financial advisor only and has relied upon, without independent verification, the assessment of KeyCorp and First Niagara and their respective legal, tax, or regulatory advisors with respect to legal, tax, or regulatory matters. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of KeyCorp or First Niagara, nor was it furnished with any such valuations or appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it, as of October 29, 2015. Events occurring after such date may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

***Summary of Financial Analyses of Morgan Stanley***

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated October 29, 2015. The various financial analyses summarized below were based on closing prices for the common shares of KeyCorp as of October 28, 2015, the last full trading day preceding the day of the special meeting of KeyCorp's Board of Directors to consider, approve, adopt and authorize the merger agreement. **Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary.** The tables alone do not constitute a complete description of the financial analyses. Furthermore, mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using the data referred to below.

***First Niagara Public Trading Multiples Analysis***

Morgan Stanley performed a public trading multiples analysis, which is designed to provide an implied trading value of a company by comparing it to selected companies with similar characteristics to the company. Morgan Stanley selected the banks used in this analysis based upon the following criteria: region of operation, bank size and certain operational models and characteristics. Morgan Stanley compared certain financial information of First Niagara with

publicly available information for the selected companies. The selected banks were chosen based on Morgan Stanley's knowledge of the industry and because these banks have businesses that may be

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considered similar to First Niagara s. Although none of these banks are identical or directly comparable to First Niagara, these banks are all publicly traded U.S. banks with assets between \$20 billion and \$50 billion, excluding banks headquartered on the West Coast or in Texas and banks with branch-light models. The selected banks included:

New York Community Bancorp, Inc.

People s United Financial, Inc.

BOK Financial Corporation

Investors Bancorp, Inc.

Commerce Bancshares, Inc.

Synovus Financial Corp.

BankUnited, Inc.

Webster Financial Corporation

First Horizon National Corporation

FirstMerit Corporation

Associated Banc-Corp

First Citizens BancShares, Inc.

Wintrust Financial Corporation

Hancock Holding Company

In all instances, multiples were based on closing stock prices on October 28, 2015. For each of the following analyses performed by Morgan Stanley, financial and market data for the selected companies were based on the most recent

publicly available information.

With respect to the selected companies, the information Morgan Stanley presented included:

multiple of price to estimated earnings per share for 2016, or Price / 2016E EPS; and

multiple of price to tangible book value per share, or Price / Tangible Book Value

	<b>Selected Companies Median</b>	<b>Selected Companies Average</b>	<b>First Niagara on September 22, 2015 (Unaffected)</b>	<b>First Niagara on October 28, 2015</b>
<b>Price / 2016E EPS</b>	16.0x	16.1x	14.5x	17.5x
<b>Price / Tangible Book Value</b>	1.6x	1.7x	1.3x	1.6x

Based on the analysis of the relevant metrics for each of the selected banks, Morgan Stanley selected a range of multiples and applied this range of multiples to the relevant financial statistics for First Niagara. For purposes of this analysis, Morgan Stanley utilized IBES 2016 EPS estimate of \$0.61 and tangible book value per share of First Niagara common stock of \$6.77 as of September 30, 2015.

Morgan Stanley estimated the implied trading value per share of First Niagara's common stock as of October 28, 2015, as follows:

	<b>First Niagara Metric</b>	<b>Multiple Statistic Range</b>	<b>Implied Value Per Share of First Niagara Common Stock</b>	
<b>Price / 2016E EPS</b>	\$0.61	14x 16x	\$8.54	\$9.76
<b>Price / Tangible Book Value</b>	\$6.77	1.3x 1.5x	\$8.80	\$10.16



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Morgan Stanley noted that the consideration to be paid by KeyCorp pursuant to the merger agreement was \$11.46 per share of First Niagara common stock, consisting of \$2.30 in cash and 0.680 KeyCorp common shares. The implied purchase price per share is based on the five trading day average KeyCorp closing share price of \$13.48 from October 22, 2015 through October 28, 2015, assuming First Niagara has 356.272 million shares outstanding on a fully diluted basis.

No company in the public trading multiples analysis is identical to First Niagara. In evaluating the group of selected companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of First Niagara, such as the impact of competition on the business of First Niagara or the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of First Niagara or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using peer group data.

***First Niagara Historical Relative Stock Performance Analysis***

Morgan Stanley reviewed the relative stock performance of First Niagara common stock for the last three years and during various periods ending on October 28, 2015 (the last trading day prior to the meeting of the KeyCorp Board of Directors approving the merger). Morgan Stanley noted that First Niagara's common stock increased 31% while the common stock price of the above listed selected companies with similar characteristics to First Niagara increased 47% over the three-year period ending October 28, 2015. Additionally, Morgan Stanley noted that the low and high closing prices during the prior 52-week period ending on September 22, 2015 (the day prior to news reports of a potential sale of First Niagara) was 128% and 90%, respectively, of the unaffected closing price of First Niagara as of September 22, 2015, which was \$8.96.

***First Niagara Discounted Cash Flow Analysis***

Morgan Stanley performed a discounted cash flow analysis to determine a range of potential per share values for First Niagara on a standalone basis and on a pro forma basis. Morgan Stanley calculated a range of implied prices per share of First Niagara common stock based on the sum of the discounted after-tax net present values of (i) annual free cash flows that First Niagara is estimated to generate for the fiscal years ending December 31, 2016 through December 31, 2020, assuming a Common Equity Tier 1 ratio target level of 9.5% and (ii) a projected terminal value of First Niagara common stock as of December 31, 2020. Morgan Stanley then discounted the cash flows back to September 30, 2015.

***First Niagara Discounted Cash Flow Analysis without Synergies***

For the implied value range of First Niagara on a standalone basis, Morgan Stanley used IBES estimates for fiscal years 2016 and 2017 and applied a long-term EPS growth rate of 5% thereafter to determine First Niagara's EPS during fiscal years 2016 through 2021. To determine implied value per share, Morgan Stanley considered a range of discount rates from 8% to 10% and a range of terminal values based on a multiple of estimated net income in 2021 of 14x to 16x. Utilizing the range of discount rates and terminal value multiples, Morgan Stanley derived an implied valuation range of present value indications per share of First Niagara common stock ranging from \$7.68 to \$9.58.

***First Niagara Discounted Cash Flow Analysis with Synergies***

For the implied value range of First Niagara on a pro forma basis, Morgan Stanley used IBES earnings and, with the permission of KeyCorp, Morgan Stanley relied on assumptions made by KeyCorp regarding merger synergies, the impact and timing of cost savings, balance sheet repositioning and other transaction adjustments that were assumed by

management of KeyCorp. To determine implied value per share, Morgan Stanley considered a range of discount rates from 9% to 11% and a range of terminal values based on a multiple of

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estimated net income in 2021 of 11x to 13x. Utilizing the range of discount rates and terminal value multiples, Morgan Stanley derived an implied valuation range of present value indications per share of First Niagara common stock ranging from \$10.58 to \$13.96.

The discounted cash flow analysis is not necessarily indicative of actual values or future results. The results of the discounted cash flow analysis are highly dependent on the assumptions being made, including earnings growth rates, asset growth rates, target tangible common equity ratios, dividend payout amounts, terminal values and discount rates.

**Select Precedent M&A Transactions Analysis**

Using publicly available information, Morgan Stanley reviewed the terms of selected precedent transactions, including transactions with a deal value greater than \$500 million announced since January 1, 2013, in which the targets were banks that operate in and/or were exposed to similar lines of business as First Niagara. For each of these transactions, Morgan Stanley reviewed the price paid and calculated the multiple of price to tangible book value and the multiple of price to forward EPS. The following table sets forth the selected transactions considered, including their respective dates of announcement:

*Select Precedent M&A Transactions*

<b>Buyer/Target</b>	<b>Announcement Date</b>
Bank of the Ozarks, Inc./ Community & Southern Holdings, Inc.	10/19/15
BB&T Corporation/ National Penn Bancshares, Inc.	08/17/15
PacWest Bancorp/ Square 1 Financial, Inc.	03/02/15
Royal Bank of Canada/ City National Corporation	01/22/15
BB&T Corporation/ Susquehanna Bancshares, Inc.	11/12/14
Sterling Bancorp/ Hudson Valley Holding Corp.	11/05/14
Banner Corporation/ Starbuck Bancshares, Inc.	11/05/14
CIT Group Inc./ IMB HoldCo LLC	07/22/14
Umpqua Holdings Corporation/ Sterling Financial Corporation	09/11/13
PacWest Bancorp/ CapitalSource Inc.	07/22/13
MB Financial, Inc./ Taylor Capital Group, Inc.	07/15/13

Morgan Stanley reviewed for each of the transactions listed above, among other things, total assets and transaction values, 1-day market premiums and 30-day market premiums, the multiple of price to tangible book value, the multiple of price to forward EPS, and core deposit premiums (calculated as the quotient of (i) the transaction value less the target's tangible common equity, divided by (ii) the target's core deposits (calculated as total deposits less time deposits greater than \$100,000)). Financial data of the selected transactions was based on publicly available research analysts' estimates, public filings and other publicly available information at the time of announcement of the relevant transaction. Based on the analysis of the relevant metrics for each of the selected transactions, Morgan Stanley selected a range of multiples and premiums and applied these ranges of multiples and premiums to the relevant financial statistics for First Niagara. For purposes of this analysis, Morgan Stanley utilized IBES 2016 EPS estimate of \$0.61, a tangible book value per share of First Niagara common stock of \$6.77 as of September 30, 2015 and First Niagara's stock price of \$8.96, which is the unaffected closing price as of September 22, 2015 (the day prior to news reports of First Niagara's potential sale).



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Morgan Stanley estimated the implied value per share of First Niagara's common stock as of October 28, 2015, as follows:

	<b>First Niagara Metric</b>	<b>Multiple Statistic Range</b>		<b>Implied Value Per Share of First Niagara Common Stock</b>	
<b>Price / Forward Earnings</b>	\$ 0.61	17x	20x	\$ 10.37	\$12.20
<b>Price / Tangible Book Value</b>	\$ 6.77	1.7x	1.9x	\$ 11.51	\$12.86
<b>Premium to Stock Price</b>	\$ 8.96	20%	30%	\$ 10.75	\$11.65

Morgan Stanley noted that the consideration to be paid by KeyCorp pursuant to the merger agreement was \$11.46 per share of First Niagara common stock, consisting of \$2.30 in cash and 0.680 KeyCorp common shares. The implied purchase price per share is based on the five trading day average KeyCorp closing stock price of \$13.48 from October 22, 2015 through October 28, 2015, assuming First Niagara has 356.272 million shares outstanding on a fully diluted basis.

No company or transaction utilized as a comparison in the selected precedent transactions analysis is identical to First Niagara or KeyCorp; nor are the transactions identical to the transactions contemplated by the merger agreement. In evaluating the transactions listed above, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of KeyCorp and First Niagara, such as the impact of competition on the business of KeyCorp and First Niagara or the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of First Niagara or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Accordingly, mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using comparable transaction data.

**KeyCorp Public Trading Multiples Analysis**

Morgan Stanley performed a public trading multiples analysis, which is designed to provide an implied trading value of a company by comparing it to selected companies with similar characteristics to the company. Morgan Stanley selected the companies used in this analysis based upon the following criteria: region of operation, company size and certain operational models and characteristics. Morgan Stanley compared certain financial information of KeyCorp with publicly available information for the selected companies. The selected banks were chosen based on Morgan Stanley's knowledge of the industry and because these banks have businesses that may be considered similar to KeyCorp's. Although none of these banks are identical or directly comparable to KeyCorp, these include certain banks set forth in KeyCorp's proxy statement as KeyCorp's peer group with the addition of Citizens Financial Group, Inc. The selected banks included:

U.S. Bancorp

PNC Financial Services Group, Inc.

BB&T Corporation

SunTrust Banks, Inc.

M&T Bank Corporation

Fifth Third Bancorp

Citizens Financial Group, Inc.

Regions Financial Corporation

Huntington Bancshares Incorporated

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Comerica Incorporated

Zions Bancorporation

In all instances, multiples were based on closing stock prices on October 28, 2015. For each of the following analyses performed by Morgan Stanley, financial and market data for the selected companies were based on the most recent publicly available information.

With respect to the selected companies, the information Morgan Stanley presented included:

multiple of price to estimated earnings per share for 2016, or Price / 2016E EPS; and

multiple of price to tangible book value per share, or Price / Tangible Book Value

	Selected Companies Median	Selected Companies Average	KeyCorp
<b>Price / 2016E EPS</b>	12.6x	12.8x	11.5x
<b>Price / Tangible Book Value</b>	1.4x	1.5x	1.2x

Based on the analysis of the relevant metrics for each of the selected banks, Morgan Stanley selected a range of multiples and applied this range of multiples to the relevant financial statistics for KeyCorp. For purposes of this analysis, Morgan Stanley utilized IBES financial forecasts for KeyCorp at the direction of KeyCorp's management for Morgan Stanley's use in its analysis. KeyCorp's metric represents a 2016 EPS estimate of \$1.21 per IBES and tangible book value per KeyCorp common share of \$11.17 as of September 30, 2015.

Morgan Stanley estimated the implied trading value per share of KeyCorp's common shares as of October 28, 2015, as follows:

	KeyCorp Metric	Multiple Statistic Range	Implied Value Per KeyCorp Common Share
<b>Price / 2016E EPS</b>	\$ 1.21	11x 13x	\$ 13.31 \$15.73
<b>Price / Tangible Book Value</b>	\$ 11.17	1.1x 1.3x	\$ 12.29 \$14.52

No company in the public trading multiples analysis is identical to KeyCorp. In evaluating the group of selected companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of KeyCorp, such as the impact of competition on the business of KeyCorp or the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of KeyCorp or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using peer group data.

***KeyCorp Historical Relative Stock Performance Analysis***

Morgan Stanley reviewed the relative stock performance of KeyCorp common shares for the last three years and during various periods ending on October 28, 2015 (the last trading day prior to the meeting of KeyCorp's Board of Directors approving the merger). Morgan Stanley noted that per share price of KeyCorp's common shares increased 66% while the common stock price of the above listed selected companies with similar characteristics to KeyCorp increased 39% over the three-year period ending October 28, 2015. Additionally, Morgan Stanley noted that the low and high closing prices during the prior 52-week period ending on October 28, 2015, as a percentage of KeyCorp's common share closing price on October 28, 2015 was 115% and 89%, respectively.

***KeyCorp Discounted Cash Flow Analysis***

Morgan Stanley performed a discounted cash flow analysis to determine a range of potential per share values for KeyCorp on a standalone basis. Morgan Stanley calculated a range of implied prices per KeyCorp common share



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based on the sum of the discounted after-tax net present values of (i) annual free cash flows that KeyCorp is estimated to generate for the fiscal years ending December 31, 2016 through December 31, 2020, assuming a Common Equity Tier 1 ratio target level reduced from the then-current level, which was approximately 10.5%, to 9.5% over time and (ii) a projected terminal value of KeyCorp common shares as of December 31, 2020. Morgan Stanley then discounted the cash flows back to September 30, 2015.

For the implied value range of KeyCorp on a standalone basis, Morgan Stanley reviewed publicly available filings and IBES estimates on KeyCorp for 2016 and 2017 and a 5% long-term EPS growth rate thereafter to determine EPS during fiscal years 2016 through 2021. To determine implied value per share, Morgan Stanley considered a range of discount rates from 9% to 11% and a range of terminal values based on a multiple of estimated net income in 2021 of 11x to 13x. Utilizing the range of discount rates and terminal value multiples, Morgan Stanley derived an implied valuation range of present value indications per KeyCorp common share ranging from \$13.19 to \$16.30.

***General***

In connection with the review of the merger by KeyCorp's Board of Directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of KeyCorp or First Niagara. In performing its analyses, Morgan Stanley made numerous assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters which are beyond the control of KeyCorp or First Niagara. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, to KeyCorp of the merger consideration to be paid by KeyCorp pursuant to the merger agreement, and in connection with the delivery of its oral opinion, and its subsequent written opinion, to KeyCorp's Board of Directors. These analyses do not purport to be appraisals or to reflect the prices at which common shares of KeyCorp or shares of common stock of First Niagara might actually trade.

The consideration was determined through arm's-length negotiations between KeyCorp and First Niagara and was approved by KeyCorp's Board of Directors. Morgan Stanley provided advice to KeyCorp during these negotiations but did not, however, recommend any specific merger consideration to KeyCorp, or that any specific merger consideration constituted the only appropriate merger consideration for the merger.

Morgan Stanley's opinion and its presentation to KeyCorp's Board of Directors was one of many factors taken into consideration by KeyCorp's Board of Directors in deciding to approve, adopt and authorize the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of KeyCorp's Board of Directors with respect to the merger consideration or of whether KeyCorp's Board of Directors would have been willing to agree to a different merger consideration. Morgan Stanley's opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.



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KeyCorp's Board of Directors retained Morgan Stanley based upon Morgan Stanley's qualifications, experience and expertise. Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management business. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of KeyCorp, First Niagara or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument.

As compensation for its services relating to the merger, KeyCorp has agreed to pay Morgan Stanley a fee of \$16 million in the aggregate, \$3 million of which was payable upon the rendering of its opinion and \$13 million of which is contingent upon the consummation of the merger. KeyCorp has also agreed to reimburse Morgan Stanley for its reasonable expenses incurred in performing its services. In addition, KeyCorp has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement. During the two years preceding the date of delivery of Morgan Stanley's written opinion, Morgan Stanley and its affiliates have provided financial advisory and financing services to KeyCorp, for which Morgan Stanley and its affiliates have received fees of approximately \$13.3 million from KeyCorp. During the same two year period, Morgan Stanley and its affiliates have not provided financial advisory or financing services to First Niagara for which Morgan Stanley or its affiliates have received fees. Morgan Stanley may also seek to provide financial advisory and financing services to KeyCorp or First Niagara in the future and would expect to receive fees for the rendering of those services.

**Management and Board of Directors of KeyCorp After the Merger**

Pursuant to the merger agreement, KeyCorp has agreed to appoint to its Board of Directors, as of the effective time of the merger, three current members of the First Niagara Board of Directors selected by First Niagara. Such directors must be reasonably acceptable to KeyCorp (including its Nominating and Corporate Governance Committee). As of the date of this joint proxy statement/prospectus, First Niagara has not selected any members of its Board of Directors for appointment to the KeyCorp Board of Directors. Information regarding current directors of KeyCorp and First Niagara, including biographical information, compensation and stock ownership, can be found in each of KeyCorp's and First Niagara's proxy statements for their respective 2015 annual meetings of shareholders, which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus.

**Interests of First Niagara Directors and Executive Officers in the Merger**

In considering the recommendations of the First Niagara Board of Directors, First Niagara stockholders should be aware that certain directors and executive officers of First Niagara have interests in the merger that may be different from, or in addition to, the interests of First Niagara stockholders generally. These interests are described below. The First Niagara Board of Directors was aware of these interests and considered them, among other matters, in approving the merger agreement and in recommending that First Niagara stockholders approve the merger proposal. For purposes of all First Niagara agreements and plans described below, the completion of the transactions contemplated by the merger agreement will constitute a change of control, change in control or term of similar meaning.

*Board Membership.* Under the merger agreement, KeyCorp will appoint three current directors of First Niagara to the KeyCorp Board of Directors. KeyCorp will also invite other members of the First Niagara Board of Directors to serve as members of one or more regional advisory boards in accordance with KeyCorp's customary

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practice. In markets in which KeyCorp has regional advisory boards, such boards advise KeyCorp regarding deposit and lending activities and assist KeyCorp with maintaining and developing customer relationships. Members of regional advisory boards typically serve without remuneration.

*Indemnification and Insurance.* Under the merger agreement and following the effective time, KeyCorp will indemnify each present and former director, officer, and employee of First Niagara and its subsidiaries, as well as any fiduciary of First Niagara or its subsidiaries under their respective benefit plans, to the fullest extent permitted by applicable law against claims (i) arising out of any such person's role as a director, officer, employee, or fiduciary, or (ii) existing at or prior to the effective time. KeyCorp will advance expenses incurred by any such person in connection with any threatened or actual proceeding, subject to such person's undertaking to repay such advances if it is later determined that he or she is not entitled to indemnification. The merger agreement further provides that, for a period of six years following the effective time, KeyCorp shall maintain First Niagara's director and officer liability insurance, or provide comparable director and officer liability insurance, with respect to claims against present and former officers and directors of First Niagara or its subsidiaries arising from facts or events occurring before the effective time.

*Treatment of Outstanding Stock Options.* At the effective time, each outstanding and unexercised option granted by First Niagara to purchase shares of First Niagara common stock will be converted into an option to purchase, on the same terms and conditions, including vesting, as were applicable prior to the merger, a number of KeyCorp common shares (rounded down to the nearest whole share) equal to the product of (a) the number of shares of First Niagara common stock subject to such option and (b) the KeyCorp equity award exchange ratio, with an exercise price per KeyCorp common share (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (x) the exercise price per share of First Niagara common stock of such First Niagara stock option by (y) the KeyCorp equity award exchange ratio.

*Treatment of Restricted Stock Awards.* At the effective time, each outstanding First Niagara restricted stock award will be converted into the number of whole KeyCorp common shares (rounded down to the nearest whole share) equal to the product of (a) the number of shares of First Niagara common stock underlying such award and (b) the KeyCorp equity award exchange ratio, subject to the same terms and conditions, including vesting, as were applicable to such awards prior to the merger. It is anticipated that no First Niagara restricted stock awards will be outstanding on the effective date.

*Treatment of Restricted Stock Unit Awards.* At the effective time, each outstanding First Niagara restricted stock unit will be converted into a restricted stock unit for a number of whole KeyCorp common shares (rounded down to the nearest whole share) equal to the product of (a) the number of shares of First Niagara common stock subject to such award and (b) the KeyCorp equity award exchange ratio, subject to the same terms and conditions, including vesting, as were applicable to such awards prior to the merger, plus a pro rata share of the merger consideration with respect to any fractional shares of First Niagara common stock subject to a First Niagara restricted stock unit. With respect to First Niagara restricted stock unit awards subject to a performance vesting condition, in whole or in part, such vesting condition shall be deemed satisfied at the target performance level.

*Change in Control Severance Plans.* First Niagara has adopted the First Niagara Bank Change in Control Severance Plan (which we refer to as the "First Niagara Bank CIC Plan") and First Niagara Bank Executive Change in Control Severance Plan (which we refer to as the "First Niagara Bank Executive CIC Plan," and, together with the First Niagara Bank CIC Plan, the "First Niagara CIC Plans") for certain of its employees, including its executive officers. The First Niagara CIC Plans provide that each covered executive will be entitled to certain severance payments and benefits if, within a 24-month period following a change of control, either (i) First Niagara terminates the executive's employment without cause (as defined below) or (ii) the executive resigns from First Niagara for good reason (as defined below),

including:

salary and fringe benefits through the executive's termination date;

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any unpaid annual short-term incentive for a prior period;

payment of accrued but unused vacation;

benefits under any tax-qualified retirement plans in which the executive participates, in accordance with the terms of such plans;

100% (300% for First Niagara's CEO and 200% for all other participants in the First Niagara Bank Executive CIC Plan) of the executive's yearly base salary, as in effect in the year of termination, payable in one lump sum;

lump-sum payment in an amount equal to 100% (300% for First Niagara's CEO and 200% for all other participants in the First Niagara Bank Executive CIC Plan) of the executive's targeted annual short-term incentive amount, as in effect in the year of the termination of employment;

payment of pro-rated annual short-term incentive amounts for the year of the termination of employment, to the extent permitted by, and in accordance with the terms of, the executive's applicable annual incentive plan;

medical and health insurance, group term life insurance, automobile allowance, and club membership benefits for a period of 12 months (36 months for First Niagara's CEO and 24 months for all other participants in the First Niagara Executive Bank CIC Plan), with continued dependent health and medical benefits for the balance of the applicable period in the event of the executive's death;

lump-sum payment in an amount equal to the value of the executive's unvested, accrued benefits under any tax-qualified retirement plan maintained by First Niagara or First Niagara Bank in which the executive participates;

up to \$15,000 in outplacement services during the 12 month period following the termination of employment; and

accelerated vesting of all outstanding equity grant awards.

Executives participating in the First Niagara CIC Plans are subject to a non-solicitation covenant for a period of 12 months (for participants in the First Niagara Bank CIC Plan) or 24 months (for participants in the First Niagara Executive CIC Plan) after their termination following a change of control. Generally, a covered executive will forfeit his or her right to severance payments and benefits if, within the applicable period, such executive (i) solicits, offers employment to, or takes any other action intended to cause an officer or employee of First Niagara or its subsidiaries to accept employment with a competing business, or (ii) solicits, provides information, or takes any other action intended to cause any customer of First Niagara or its subsidiaries to terminate an existing business or commercial relationship with First Niagara or its subsidiaries.

In addition, an executive participating in the First Niagara CIC Plans will generally forfeit his or her right to severance payments and benefits if, at any time after a termination following a change of control, the executive (i) disparages First Niagara or its subsidiaries or (ii) reveals or uses confidential information of First Niagara or its subsidiaries in any way except in the best interests of First Niagara or its subsidiaries.

For purposes of the First Niagara CIC Plans, "good reason" generally means (i) a material change in the participating executive's function, duties or responsibilities, which change would cause the executive's position to become one of lesser responsibility, importance, or scope, without the consent of the executive; (ii) a material reduction in the executive's base compensation without the consent of the executive; (iii) a relocation of the executive's principal place of employment by more than 50 miles from its location at the time immediately prior to the relocation without the consent of the executive; or (iv) liquidation or dissolution of First Niagara or First Niagara Bank, other than liquidations or dissolutions that are caused by reorganizations that do not affect the status of the executive.



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For purposes of the First Niagara CIC Plans, **cause** generally means (i) a willful and continued failure substantially by the executive to perform his duties (other than as a result of disability) that is not or cannot be cured within 30 days; (ii) a willful commission by the executive of a criminal or other act that, in the judgment of the First Niagara Bank Board of Directors, will likely cause substantial economic damage to First Niagara or its subsidiaries or substantial injury to the business reputation of First Niagara or its subsidiaries; (iii) a willful act or omission by the executive constituting dishonesty, fraud, or other malfeasance, and any act or omission by the executive constituting immoral conduct; (iv) an indictment of the executive for a felony offense under the laws of the United States or any state; (v) a breach by the executive of First Niagara's Code of Conduct, First Niagara's Code of Ethics for Senior Financial Officers, or any restrictive covenant, non-competition, confidentiality or non-solicitation, or other similar agreement of policy of First Niagara applicable to the executive; or (vi) an issuance of an order of a federal or state regulatory agency or a court of competent jurisdiction requiring the termination of the executive's service with First Niagara.

For an estimate of the amounts payable in connection with a qualifying termination of employment following the merger to First Niagara's named executive officers, see *Merger-Related Compensation for First Niagara's Named Executive Officers*, below.

Based on current compensation levels, and assuming a qualifying termination of employment on October 1, 2016, the assumed date of the merger solely for purposes of this section, the amount of cash severance and pro-rata bonuses (including the lump sum payment of unvested accrued benefits under tax-qualified retirement plans) that would be payable to all other executive officers, as a group, is \$5,729,596, and the aggregate estimated value of the continued welfare and fringe benefits (including outplacement services) provided under these arrangements to such group is \$233,930. Based on unvested equity awards as of October 1, 2016, and assuming a stock price of \$10.70 at the time of a qualifying termination of employment, the aggregate cash value of the unvested equity awards held by the other executive officers, as a group, is \$2,459,216.

*Long-Term Incentive Plans.* First Niagara has granted equity awards to its directors and officers under the 2012 Equity Incentive Plan (which we refer to as the First Niagara 2012 Plan). The First Niagara 2012 Plan provides that in the event of an involuntary termination of employment following a change in control (per the terms of the applicable option agreements, so long as such termination occurs during the 12-month period following such change in control, if such termination is without cause or during the 14-month period following such change in control, if such termination is for good reason), all outstanding stock options shall become immediately vested in full and may be exercised anytime during the one-year period following termination or until the applicable stock option expiration date, if earlier; and all performance-based restricted stock awards and time-based restricted stock unit awards shall become fully earned and vested immediately, and the performance-based restricted stock unit awards will be paid at target. Under the First Niagara 2012 Plan, an involuntary termination includes a termination for good reason (as defined below) or a termination without cause (as defined below).

For purposes of the First Niagara 2012 Plan, **good reason** generally means a resignation from the employ of First Niagara or any of its subsidiaries upon the occurrence of any of the following: (i) a material diminution in the participant's base compensation; (ii) a material diminution in the participant's authority, duties, or responsibilities; (iii) a requirement that the participant must report to a corporate officer or employee, instead of reporting directly to the First Niagara Board; (iv) a material diminution in the budget over which the participant retains authority; (v) a change in the geographic location at which the participant must perform his duties that is more than 50 miles from the location of the participant's principal workplace, or (vi) any other action or inaction that constitutes a material breach by First Niagara of the First Niagara 2012 Plan.

For purposes of the First Niagara 2012 Plan, **cause** generally means (i) the conviction of, or plea of guilty or no contest of the executive to a felony or any lesser criminal offense involving moral turpitude or immoral conduct (as

determined by the First Niagara Compensation Committee) other than for actions related to operation of motor vehicles which does not involve operation of a motor vehicle while intoxicated or impaired; (ii) the willful commission by the executive of a criminal or other act that, in the judgment of the First Niagara Compensation Committee, will likely cause substantial economic damage to First Niagara or any of its subsidiaries or substantial injury to the business reputation of First Niagara or any of its subsidiaries; (iii) the commission by the

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executive of an act or omission involving dishonesty, fraud, or other malfeasance or misfeasance in the performance of his duties on behalf of First Niagara or any of its subsidiaries; (iv) the continuing willful failure of the executive to perform his duties to First Niagara or any of its subsidiaries (other than any such failure resulting from the executive's incapacity due to physical or mental illness) after written notice thereof; (v) breach by the executive of First Niagara's Code of Conduct, any restrictive covenant, non-competition, confidentiality or non-solicitation, or other similar agreement which is applicable to the executive; or (vi) an order of a federal or state regulatory agency or a court of competent jurisdiction requiring the termination of the executive's employment with First Niagara.

*Nonqualified Deferred Compensation Plan.* Certain employees of First Niagara Bank are eligible to participate in the First Niagara Bank Nonqualified Deferred Compensation Plan (which we refer to as the First Niagara Deferred Compensation Plan), under which participants accumulate benefits based on voluntary deferral elections. The First Niagara Deferred Compensation Plan provides that within 15 days following the date of a change in control, First Niagara must make an irrevocable contribution to a Rabbi trust in an amount that is sufficient to pay each participant and beneficiary the benefits to which they would be entitled under the plan as of the date of the change in control.

*Future Compensation Actions.* In addition to the payments and benefits above, under the terms of the merger agreement, First Niagara may take certain compensation actions prior to the completion of the merger that will affect First Niagara's directors and executive officers, although determinations related to such actions have not been made as of the date of this joint proxy statement/prospectus and the impact of such actions is not reflected in the amounts estimated above unless specifically disclosed. Among other actions, First Niagara may provide for the pro-rata payment of annual incentives based on target performance prior to the closing date of the merger, make certain long-term incentive grants to its employees and directors under the First Niagara 2012 Plan on terms and conditions substantially similar to those grants made by First Niagara in 2015, take certain actions to mitigate adverse tax consequences under Sections 280G or 4999 of the Code and establish a cash retention program.

**Merger-Related Compensation for First Niagara's Named Executive Officers**

The following table and the related footnotes provide information about the compensation to be paid to First Niagara's named executive officers that is based on or otherwise relates to the merger. The compensation shown in this table and described in the footnote to the table is the subject of a non-binding, advisory vote of the First Niagara stockholders at the First Niagara special meeting, as described in *First Niagara Proposals Merger-Related Compensation Proposal* beginning on page 38. The figures in the table are estimated based on current compensation levels and an assumed effective date of October 1, 2016 for both the merger and termination of the executive's employment. The amounts reported below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including assumptions described in this joint proxy statement/prospectus, and do not reflect the value arising from certain compensation actions that will likely occur before the completion of the merger (such as the grant of annual awards of equity compensation in 2016), as described in *Interests of First Niagara Directors and Executive Officers in the Merger Future Compensation Actions* beginning on page 87. Receipt of severance payments and benefits pursuant to the First Niagara Bank Executive Change in Control Severance Plan is conditioned upon the named executive officer's compliance with post-termination restrictions on actions including solicitation of customers and use of confidential information, as described in *Interests of First Niagara Directors and Executive Officers in the Merger Change in Control Severance Plans* beginning on page 84. As required by applicable SEC rules, all amounts below determined using the per share value of First Niagara common stock have been calculated based on a per share price of First Niagara common stock of \$10.70 (the average closing market price of First Niagara common stock over the first five business days following the public announcement of the merger on October 30, 2015). As a result of the foregoing assumptions, the actual amounts, if any, to be received by a named executive officer may materially differ from the amounts set forth below.



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<b>Name</b>	<b>Cash (\$)<sup>(1)</sup></b>	<b>Equity (\$)<sup>(2)</sup></b>	<b>Perquisites/ Benefits (\$)<sup>(3)</sup></b>	<b>Total (\$)</b>
Gary M. Crosby	\$ 6,584,589	\$ 2,229,613	\$ 101,026	\$ 8,915,228
Gregory W. Norwood	\$ 2,283,138	\$ 1,951,301	\$ 83,384	\$ 4,317,823
Richard M. Barry	\$ 1,902,452	\$ 1,149,088	\$ 62,225	\$ 3,113,765
Mark R. Rendulic	\$ 1,695,065	\$ 1,059,401	\$ 62,960	\$ 2,817,426
Joseph V. Saffire	\$ 2,101,370	\$ 908,986	\$ 91,942	\$ 3,102,298

1. These amounts represent the aggregate value of cash severance related to base salary, target annual bonus, pro rata bonuses and lump sum payment for unvested, accrued benefits under any tax-qualified retirement plan payable upon a qualifying termination under the First Niagara CIC Plan, as described in *Interests of First Niagara Directors and Executive Officers in the Merger* beginning on page 83. The following table lists the respective portions of the amount set forth in this column that are attributable to the base salary severance payment, target annual bonus severance payment and pro-rata target bonus. It is anticipated that none of First Niagara's named executive officers will receive a lump sum payment for unvested, accrued benefits under any tax-qualified retirement plan.

<b>Name</b>	<b>Base Salary Severance</b>	<b>Target Annual Bonus Severance</b>	<b>Pro-Rata Bonuses</b>
Gary M. Crosby	\$ 2,925,000	\$ 2,925,000	\$ 734,589
Gregory W. Norwood	\$ 1,086,500	\$ 869,200	\$ 327,438
Richard M. Barry	\$ 936,000	\$ 702,000	\$ 264,452
Mark R. Rendulic	\$ 863,200	\$ 604,240	\$ 227,625
Joseph V. Saffire	\$ 1,000,000	\$ 800,000	\$ 301,370

2. These amounts represent the aggregate value of unvested equity awards payable upon a qualifying termination under the First Niagara CIC Plan or the First Niagara Long-Term Incentive Plans, as described in *Interests of First Niagara Directors and Executive Officers in the Merger*. Mr. Crosby is currently retirement eligible. The existing terms of Mr. Crosby's stock option and time-vested restricted stock unit awards provide for accelerated vesting on a voluntary retirement at any time; therefore, the table above does not reflect the value of such outstanding unvested stock options and time-based restricted stock unit awards. The following table sets forth the values of unvested First Niagara restricted stock awards and restricted stock unit awards and the aggregate spread value in the unvested options.

<b>Name</b>	<b>Performance-Based Restricted Stock Units</b>	<b>Time-Based Restricted Stock Units</b>	<b>Stock Options</b>
Gary M. Crosby	\$ 2,229,613	\$ 0	\$ 0
Gregory W. Norwood	\$ 837,938	\$ 1,075,425	\$ 37,938

Richard M. Barry	\$	487,524	\$	637,592	\$	23,972
Mark R. Rendulic	\$	449,443	\$	587,847	\$	22,111
Joseph V. Saffire	\$	360,269	\$	548,717	\$	0

It is anticipated that none of First Niagara's named executive officers will have outstanding unvested restricted stock awards on October 1, 2016, the assumed effective date of the merger solely for purposes of this section. Because this section assumes an effective date of October 1, 2016, the table above does not reflect the value arising from equity awards that would vest between October 30, 2015, and October 1, 2016. For purposes of the foregoing table and the amounts identified above vesting prior to October 1, 2016: (i) stock options are valued at the excess of \$10.70, the assumed price per share of First Niagara common stock for purposes of this section, over the applicable per share exercise price, (ii) time-based restricted stock units are valued at \$10.70 multiplied by each outstanding unvested unit, and (iii) and performance-

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based restricted stock units are valued at \$10.70 multiplied by each outstanding unvested unit (performance being based on the target level solely for purposes of estimating the value of awards in this section, even though actual performance for the applicable periods may differ from the target performance).

3. These amounts represent the aggregate value of continuing welfare and fringe benefits (including outplacement services) to which First Niagara executives are entitled under the First Niagara CIC Plan and other change in control agreements, as described in *Interests of First Niagara Directors and Executive Officers in the Merger* beginning on page 83. The following table sets forth the values of continuing welfare and fringe benefits and outplacement services.

<b>Name</b>	<b>Outplacement Services</b>	<b>Welfare and Fringe Benefits</b>
Gary M. Crosby	\$ 15,000	\$ 86,026
Gregory W. Norwood	\$ 15,000	\$ 68,384
Richard M. Barry	\$ 15,000	\$ 47,225
Mark R. Rendulic	\$ 15,000	\$ 47,960
Joseph V. Saffire	\$ 15,000	\$ 76,942

**Dividends/Distributions**

From and after the date of the merger agreement, October 30, 2015, First Niagara may not, and may not permit its subsidiaries to, without the prior written consent of KeyCorp, make any dividend payments or distributions other than (i) regular quarterly cash dividends by First Niagara at a rate not in excess of \$0.08 per share of First Niagara common stock, (ii) required dividends on the First Niagara preferred stock, (iii) dividends paid by any of First Niagara's subsidiaries to First Niagara or any of First Niagara's wholly owned subsidiaries and (iv) required dividends on the preferred and common stock of First Niagara's subsidiaries.

The merger agreement provides that KeyCorp and First Niagara must coordinate with one another with respect to the declaration of dividends in respect of KeyCorp common shares and First Niagara common stock, and the record dates and payment dates with respect thereto, with the intention that the holders of First Niagara common stock should not receive two dividends, or fail to receive a dividend, in any quarter with respect to their shares of First Niagara common stock and any KeyCorp common shares they receive in exchange therefor in the merger.

After the effective time, no dividends or other distributions declared or made with respect to KeyCorp common shares will be paid to the holder of any unsurrendered certificate or book entry share that evidenced ownership of shares of First Niagara common stock until such holder properly surrenders such shares. See *Conversion of Shares; Exchange and Payment Procedures* beginning on page 50.

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**REGULATORY APPROVALS REQUIRED FOR THE MERGER**

Completion of the merger is subject to the receipt of all approvals required to complete the transactions contemplated by the merger agreement (i) from the Federal Reserve Board, (ii) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (which we refer to as the HSR Act ) and (iii) any other regulatory approval the failure of which to obtain would reasonably be expected to have a material adverse effect on KeyCorp or First Niagara (which the parties currently expect to be none), and the expiration of any applicable statutory waiting periods, in each case, without the imposition of a materially burdensome regulatory condition. Notifications and/or applications requesting approval may also be submitted to various other federal and state regulatory authorities and self-regulatory organizations, including certain state insurance departments. KeyCorp and First Niagara have agreed to use their reasonable best efforts to obtain all required regulatory approvals. KeyCorp, First Niagara and/or their respective subsidiaries have filed, or are in the process of filing, applications and notifications to obtain these regulatory approvals.

Although we currently believe we should be able to obtain all required regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to KeyCorp after the completion of the merger or will contain a materially burdensome regulatory condition.

*Federal Reserve Board.* Completion of the merger is subject, among other things, to approval by the Federal Reserve Board pursuant to Section 3 of the Bank Holding Company Act of 1956, as amended (which we refer to as the BHC Act ). In considering the approval of an application under Section 3 of the BHC Act, the Federal Reserve Board reviews certain factors, including: (1) the financial and managerial resources of the companies involved, including pro forma capital ratios of the combined company (both in terms of absolute capital ratios and capital ratios relative to peer groups determined by the regulators) (2) the effect of the proposal on competition, (3) the risk to the stability of the United States banking or financial system, (4) the convenience and needs of the communities to be served and (5) the effectiveness of the companies in combatting money laundering.

The Federal Reserve Board also reviews the records of performance of the relevant insured depository institutions under the Community Reinvestment Act of 1977 (which we refer to as the CRA ) and considers the concentration of deposits on a nationwide basis. In their most recent respective CRA examinations, KeyBank received an overall outstanding CRA performance rating and First Niagara Bank received an overall satisfactory CRA performance rating.

Furthermore, the BHC Act and Federal Reserve Board regulations require published notice of, and the opportunity for public comment on, the applications to the Federal Reserve Board, and authorize the Federal Reserve Board to hold a public hearing or meeting if the Federal Reserve Board determines that a hearing or meeting would be appropriate. The Federal Reserve Board takes into account the views of third party commenters, particularly on the subject of the merging parties' CRA performance and record of service to their communities, and any hearing, meeting or comments provided by third parties could prolong the period during which the application is under review by the Federal Reserve Board. KeyCorp intends to file its application to the Federal Reserve Board under the BHC Act on or before November 30, 2015.

In addition to the Federal Reserve Board, the Antitrust Division of the Department of Justice (which we refer to as the DOJ ) conducts a concurrent competitive review of the merger to analyze the transaction's competitive effects and determine whether the transaction would result in a violation of the antitrust laws. After the Federal Reserve Board approves the transaction, the parties generally must wait at least 30 days to complete the transaction, during which time the DOJ may bring a court action challenging the transaction on antitrust grounds. With the approval of the



Federal Reserve Board and the concurrence of the DOJ, the waiting period may be reduced to no less than 15 days. The commencement of an antitrust action would stay the effectiveness of such an approval unless a court specifically ordered otherwise. In reviewing the antitrust aspects of the transaction, the

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DOJ generally analyzes the competitive effects of the transaction differently than the Federal Reserve Board, and thus it is possible that the DOJ could reach a different conclusion than the Federal Reserve Board does regarding the merger's effects on competition. A determination by the DOJ not to object to the merger may not prevent the filing of antitrust actions by private persons or state attorneys general. If the DOJ concludes that the transaction is likely to result in anticompetitive effects, the DOJ often attempts to remedy its concerns by requiring the parties to divest branches of the target institution to a competitively suitable purchaser. The level of divestitures that the Federal Reserve Board or the DOJ may require in order to approve the merger might be unacceptable to KeyCorp and First Niagara, or could delay the closing of the merger or diminish the benefits of the merger. KeyCorp and First Niagara believe that the merger should not raise significant regulatory concerns and that KeyCorp will be able to obtain all requisite regulatory approvals in a timely manner if required by regulators. KeyCorp will divest branches in certain areas in a manner sufficient to eliminate such regulatory authorities' competitive concerns. However, there can be no assurance if and when DOJ clearance will be obtained, or as to the conditions or limitations that such DOJ approval may contain or impose.

*Additional Regulatory Approvals and Notices.* While portions of the transaction are exempt from the reporting requirements under the HSR Act, certain other aspects of the transaction relating to the non-bank operations of the parties are separately reportable under the HSR Act. Under the HSR Act, KeyCorp cannot complete the non-bank aspects of the First Niagara acquisition until KeyCorp and First Niagara have notified the DOJ and the U.S. Federal Trade Commission (which we refer to as the "FTC") of the transaction and furnished them with certain information and materials relating to the acquisition and the applicable waiting period has terminated or expired. KeyCorp and First Niagara intend to file the required notifications with the DOJ and the FTC on or before November 30, 2015.

Following the completion of the merger, KeyCorp intends to merge First Niagara Bank with and into KeyBank (which we refer to as the "bank merger"). The bank merger will be subject to approval by the Office of the Comptroller of the Currency (which we refer to as the "OCC") under Section 18(c) of the Federal Deposit Insurance Act. KeyBank intends to file an application with the OCC seeking this approval in the near future. The OCC's approval of the bank merger is not a condition to either party's obligation to complete the merger of KeyCorp and First Niagara.

There can be no assurances that the regulatory approvals discussed above will be received on a timely basis, or as to the ability of KeyCorp and First Niagara to obtain the approvals on satisfactory terms or the absence of litigation challenging such approvals. In recent similar transactions, the Federal Reserve Board has taken a longer time to render a decision on applications than the typical time period for approval set forth in the Federal Reserve Board's regulations. There can likewise be no assurances that U.S. federal or state regulatory authorities will not attempt to challenge the merger on antitrust grounds or for other reasons, or, if such a challenge is made, as to the result of such challenge.

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**ACCOUNTING TREATMENT**

In accordance with current accounting guidance, the merger will be accounted for using the acquisition method. As a result, the recorded assets and liabilities of KeyCorp will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and the assets and liabilities of First Niagara will be adjusted to fair value at the date of the merger. In addition, all identified intangible assets will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price, consisting of cash plus the number of KeyCorp common shares and shares of new KeyCorp preferred stock to be issued to former First Niagara stockholders, option holders and holders of restricted stock awards, restricted stock unit awards and the First Niagara preferred stock, as applicable, at fair value, exceeds the fair value of the net assets including identified intangible assets of First Niagara on the date the merger is completed, such amount will be reported as goodwill. In accordance with current accounting guidance, goodwill will not be amortized but will be evaluated for impairment annually. Identified finite life intangible assets will be amortized over their estimated lives. Further, the acquisition method of accounting will result in the operating results of First Niagara being included in the operating results of KeyCorp beginning from the date of completion of the merger.

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**PUBLIC TRADING MARKETS**

KeyCorp common shares are listed on the NYSE under the symbol KEY. First Niagara common stock is listed on the NASDAQ under the symbol FNFG. Upon completion of the merger, First Niagara common stock will be delisted from the NASDAQ and thereafter will be deregistered under the Exchange Act and First Niagara will no longer be required to file periodic reports with the SEC with respect to the First Niagara common stock. The KeyCorp common shares and the new KeyCorp preferred stock issuable in the merger will be listed on the NYSE.

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**RESALE OF KEYCORP COMMON SHARES AND NEW KEYCORP PREFERRED STOCK**

All KeyCorp common shares and the new KeyCorp preferred stock received by First Niagara stockholders in the merger will be freely tradable for purposes of the Securities Act of 1933, as amended (which we refer to as the Securities Act ) and the Exchange Act, except for KeyCorp common shares received by any First Niagara stockholder who becomes an affiliate of KeyCorp after completion of the merger. This joint proxy statement/prospectus does not cover resales of KeyCorp common shares or the new KeyCorp preferred stock received by any person upon completion of the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

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**THE MERGER AGREEMENT**

*This section describes the material terms of the merger agreement. The description in this section and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as Appendix A and is incorporated by reference into this joint proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about KeyCorp or First Niagara. Such information can be found elsewhere in this proxy statement/prospectus and in the public filings KeyCorp and First Niagara make with the SEC, as described in the section entitled *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus.*

**Effects of the Merger; Merger Consideration**

As a result of the merger, First Niagara will merge with and into KeyCorp with KeyCorp surviving the merger. The articles and the regulations of KeyCorp, each as amended as described in this joint proxy statement/prospectus, as in effect immediately prior to the merger will be the articles and regulations of the surviving company.

Each share of First Niagara common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by First Niagara as treasury stock or otherwise owned by First Niagara or KeyCorp and any dissenting shares), will be converted into the right to receive 0.680 KeyCorp common shares and \$2.30 in cash. Each share of First Niagara preferred stock issued and outstanding immediately prior to the effective time of the merger will automatically be converted into a share of the new KeyCorp preferred stock. KeyCorp will not issue any fractional KeyCorp common shares in the merger. Instead, a First Niagara stockholder who otherwise would have received a fraction of a KeyCorp common share will receive an amount in cash (rounded to the nearest cent) determined by multiplying the fraction of the KeyCorp common share to which the holder would otherwise be entitled by the volume weighted average price of KeyCorp common shares on the NYSE for the five trading days ending on the day prior to the effective time of the merger.

**Closing and Effective Time of the Merger**

Unless the parties otherwise mutually agree, the closing of the merger will occur no later than three business days after the satisfaction or waiver of all the closing conditions, including the receipt of all regulatory and shareholder approvals and after the expiration of all regulatory waiting periods. See *The Merger Agreement Conditions to the Merger* beginning on page 105 for a more complete description of the conditions that must be satisfied prior to closing.

On the closing date, the surviving corporation will effect the merger legally by filing the certificates of merger with the Secretary of State of the State of Delaware and the Secretary of State of the State of Ohio. The merger will become effective as of the date and time specified in such certificates of merger. The time at which the merger becomes effective is sometimes referred to in this joint proxy statement/prospectus as the effective time.

As of the date of this joint proxy statement/prospectus, the parties expect that the merger will be effective during the third calendar quarter of 2016. However, there can be no assurance as to when or if the merger will occur.

If the merger is not completed by the close of business on October 30, 2016, the merger agreement may be terminated by either KeyCorp or First Niagara, unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party set

forth in the merger agreement. See *The Merger Agreement Termination; Termination Fee* beginning on page 106.

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### **Treatment of First Niagara Stock Options and Other Equity Awards**

*First Niagara Stock Options.* At the effective time of the merger, each outstanding and unexercised option to purchase shares of First Niagara common stock, whether vested or unvested, will be converted into an option to purchase KeyCorp common shares (rounded down to the nearest whole share), on the same terms and conditions, including vesting, as were applicable to such option prior to the merger, equal to the product of (i) the number of shares of First Niagara common stock subject to such First Niagara stock option multiplied by (ii) the sum of (a) the exchange ratio and (b) the KeyCorp equity award exchange ratio, with an exercise price per KeyCorp common share (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (x) the exercise price per share of First Niagara common stock of such First Niagara stock option by (y) the KeyCorp equity award exchange ratio.

*First Niagara Restricted Stock Awards.* At the effective time of the merger, each First Niagara restricted stock award will be converted into a number of KeyCorp common shares (rounded down to the nearest whole share) equal to the product of (a) the number of shares of First Niagara common stock underlying such award multiplied by (b) the KeyCorp equity award exchange ratio, and will be subject to the same terms and conditions, including vesting, as were applicable to such restricted stock awards prior to the merger.

*First Niagara Restricted Stock Unit Awards.* At the effective time of the merger, each First Niagara restricted stock unit award will be converted into a restricted stock unit award for a number of (with any performance-based vesting conditions applicable to such restricted stock unit awards immediately prior to the effective time of the merger being deemed satisfied at target level) KeyCorp common shares (rounded down to the nearest whole share) equal to the product of (a) the number of shares of First Niagara common stock underlying such award multiplied by (b) the KeyCorp equity award exchange ratio, and will be subject to the same terms and conditions, including vesting, as were applicable to such awards prior to the merger, plus a pro rata share of the merger consideration with respect to any fractional KeyCorp common shares subject to each restricted stock unit award.

### **Covenants and Agreements**

*Conduct of Businesses Prior to the Completion of the Merger.* First Niagara has agreed that, prior to the effective time of the merger, it will conduct its businesses, and cause its subsidiaries to conduct their respective businesses, in the ordinary course in all material respects and use commercially reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships. First Niagara and KeyCorp have each agreed not to knowingly take any action that is intended to or would reasonably be likely to prevent, materially impede or materially delay the ability of First Niagara, KeyCorp or their respective subsidiaries to obtain any necessary regulatory approvals required for the merger or perform their respective covenants and agreements under the merger agreement or to consummate the transactions contemplated thereby.

In addition to the general covenants above, First Niagara has agreed that prior to the effective time of the merger, subject to specified exceptions, it will not, and will not permit its subsidiaries to, without the prior written consent of KeyCorp (which will not be unreasonably withheld, conditioned or delayed):

other than in the ordinary course of business, incur any indebtedness for borrowed money (other than indebtedness of First Niagara or any of its wholly owned subsidiaries to First Niagara or any of its subsidiaries), assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person (other than a subsidiary of First Niagara);



(i) adjust, split, combine or reclassify any capital stock; (ii) make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) into or exchangeable for any shares of its capital stock (except (A) regular quarterly cash dividends by First Niagara on the First

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Niagara common stock at a rate not in excess of \$0.08 per share of First Niagara common stock, and any associated dividend equivalents for First Niagara equity awards, (B) required dividends on the First Niagara preferred stock, (C) dividends paid by any of First Niagara's subsidiaries to First Niagara or any of First Niagara's wholly owned subsidiaries, (D) the acceptance of shares of First Niagara common stock as payment for the exercise price of First Niagara stock options or for withholding taxes incurred in connection with the exercise of First Niagara stock options or the vesting or settlement of First Niagara equity awards and dividend equivalents thereon, if any, in each case in accordance with past practice and the terms of the applicable award agreements, (E) required dividends on the preferred stock of any of First Niagara's subsidiaries or (F) required dividends on the common stock of any subsidiary of First Niagara); (iii) grant any stock options, stock appreciation rights, performance shares, restricted stock unit awards, restricted shares or other equity-based awards or interests, or grant any individual, corporation or other entity any right to acquire any shares of its capital stock, except in the ordinary course of business and consistent with past practice, 2016 annual equity grants to employees and directors consistent with 2015 annual grants and new hire equity grants to employees, in each case, subject to certain specified limits; or (iv) issue, sell or otherwise permit to become outstanding any additional shares of capital stock or securities convertible or exchangeable into, or exercisable for, any shares of its capital stock or any options, warrants, or other rights of any kind to acquire any shares of capital stock, except for the issuance of shares upon the exercise of First Niagara stock options or the vesting or settlement of First Niagara equity awards (and dividend equivalents thereon, if any);

sell, transfer, mortgage, encumber or otherwise dispose of any of its material properties or assets to any individual, corporation or other entity other than a wholly owned subsidiary, or cancel, release or assign any material indebtedness to any such person or any claims held by any such person, in each case other than in the ordinary course of business;

except for transactions in the ordinary course of business (including by way of foreclosure or acquisitions of control in a fiduciary or similar capacity or in satisfaction of debts previously contracted in good faith), make any material investment either by purchase of stock or securities, contributions to capital, property transfers, or purchase of any property or assets of any other individual, corporation or other entity, other than in a wholly owned subsidiary of First Niagara;

(i) terminate, materially amend, or waive any material provision of, any specified First Niagara material contract (as agreed among the parties), or make any material change in any instrument or agreement governing the terms of any of its securities, other than normal renewals in the ordinary course of business or (ii) enter into any contract that would constitute a material contract if it were in effect on the date of the merger agreement;

except as required under applicable law or the terms of any plan or arrangement existing as of the date of the merger agreement, (i) enter into, adopt or terminate any employee benefit or compensation plan, program, policy or arrangement for the benefit or welfare of any current or former employee, officer, director or consultant, (ii) amend any employee benefit or compensation plan, program, policy or arrangement for the benefit or welfare of any current or former employee, officer, director or individual consultant other than amendments in the ordinary course of business consistent with past practice that do not materially increase the cost of maintaining such plan, program policy or arrangement, (iii) increase the annual base salary or rate

of pay or benefits payable to any current or former employee, officer, director or individual consultant, except for merit-based or promotion-based increases in annual base salary or wage rate for employees, in the ordinary course of business consistent with past practice, that do not exceed, in the aggregate, two and one half percent (2.5%) per annum of the aggregate cost of all employee annual base salaries and wages in effect as of the merger agreement, (iv) grant or accelerate the vesting of any equity-based awards or other compensation, except for those grants specifically permitted by the merger agreement, (v) enter into any new, or amend any existing, employment, collective bargaining agreement or similar agreement or arrangement (other than agreements and arrangements with employees being hired or promoted to replace a terminating employee, where the arrangements entered into with any such replacement employee are

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materially consistent in amount as compared to the amounts provided under arrangements with the terminating employee), or (vi) hire any officer, employee, independent contractor or individual consultant (who is a natural person) who has annual base salary or wage rate greater than \$150,000;

settle any material claim, suit, action or proceeding, except in the ordinary course of business, in an amount and for consideration not in excess of \$2,500,000 individually or \$5,000,000 in the aggregate and that would not impose any material restriction on the business of First Niagara or its subsidiaries or the surviving company or any of its affiliates;

take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

amend its charter or bylaws or the comparable governing documents of its subsidiaries;

merge or consolidate itself or any of its significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X promulgated under the Exchange Act with any other person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its significant subsidiaries;

materially restructure or materially change its investment securities or derivatives portfolios or its interest rate exposure, or, other than in the ordinary course of business, increase its non-agency and non-government securities above the amount included in First Niagara's investment portfolio as of the date of the merger agreement, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported, except as may be required by applicable laws, regulations, guidelines or policies imposed by certain specified regulatory agencies;

implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP or by applicable laws, regulations, guidelines or policies imposed by any governmental entity;

enter into any material new line of business or change in any material respect its lending, investment and underwriting management and other banking and operating policies, except as required by such policies or applicable law, regulation or as requested or imposed by certain specified regulatory agencies;

make, or commit to make, any capital expenditures in excess of \$10,000,000 in the aggregate;

make, change or revoke any material tax election, change an annual tax accounting period, adopt or change any material tax accounting method, file any amended tax return with respect to a material amount of taxes, enter into any closing agreement with respect to a material amount of taxes, or settle any material tax claim,

audit, assessment or dispute or surrender any right to claim a refund of a material amount of taxes;

make application for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility of it or its subsidiaries; or

agree to take, make any commitment to take, or adopt any resolutions of its Board of Directors or similar governing body in support of the foregoing actions.

KeyCorp has agreed to a more limited set of restrictions on its business prior to the effective time of the merger. Specifically, KeyCorp has agreed that prior to the effective time of the merger, except as expressly contemplated or permitted by the merger agreement or as required by law, it will not, without the prior written consent of First Niagara (which will not be unreasonably withheld, conditioned or delayed):

amend its articles or its regulations in a manner that would materially and adversely affect the economic benefit of the merger to the holders of First Niagara common stock, or adversely affect the holders of First Niagara common stock (upon their acquisition of KeyCorp common shares) relative to other holders of KeyCorp common shares;

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adjust, split, combine or reclassify the KeyCorp common shares;

make any material investment either by purchase of stock or securities, contributions to capital, property transfers, or purchase of any property or assets of any other individual, corporation or other entity, other than in a wholly owned subsidiary of KeyCorp, except for transactions in the ordinary course of business or in a transaction that, together with such other transactions, is not reasonably likely to prevent, materially impede or materially delay the ability of KeyCorp, First Niagara or their respective subsidiaries to obtain any necessary approvals of any specified regulatory agency or other governmental entity required for the merger or to consummate the transactions contemplated by the merger agreement;

merge or consolidate itself or any of its significant subsidiaries with any other person where it or its significant subsidiary, as applicable, is not the surviving person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its significant subsidiaries, in any such case where such action is reasonably likely to prevent, materially impede or materially delay the ability of KeyCorp, First Niagara or their respective subsidiaries to obtain any necessary approvals of any specified regulatory agency or other governmental entity required for the merger or to consummate the transactions contemplated by the merger agreement;

take any action or knowingly fail to take any action where such action or failure to act could reasonably be expected to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

except for communications made in accordance with the merger agreement, make any written communications to the employees of First Niagara or any of its subsidiaries with respect to employment matters without prior review, comment and consent by First Niagara; or

agree to take, make any commitment to take, or adopt any resolutions of its Board of Directors or similar governing body in support of the foregoing actions.

*Regulatory Matters.* KeyCorp and First Niagara have agreed to promptly (and in any event within 30 days of the date of the merger agreement) prepare and file with the SEC a registration statement on Form S-4, of which this joint proxy statement/prospectus is a part. KeyCorp and First Niagara have agreed to use reasonable best efforts to have the Form S-4 declared effective under the Securities Act as promptly as practicable after such filing, and to mail or deliver the joint proxy statement/prospectus to each of KeyCorp's and First Niagara's shareholders. KeyCorp has also agreed to use its reasonable best efforts to obtain all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by the merger agreement, and First Niagara has agreed to furnish all information concerning First Niagara and the holders of First Niagara common stock as may be reasonably requested in connection with any such action. In addition, KeyCorp has agreed to file an application seeking approval of the merger and/or the bank merger (if applicable) with the Federal Reserve Board no later than 30 days following the date of the merger agreement.

KeyCorp and First Niagara have agreed to cooperate with each other and use their respective reasonable best efforts to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and

governmental entities that are necessary or advisable to consummate the transactions contemplated by the merger agreement.

Additionally, each of KeyCorp and First Niagara have agreed to furnish, upon request, to the other all information concerning itself, its subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with this joint proxy statement/prospectus, the Form S-4 or any other statement, filing, notice or application made by or on behalf of KeyCorp, First Niagara or any of their respective subsidiaries to any governmental entity in connection with the transactions contemplated by the merger agreement.

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KeyCorp and First Niagara have each agreed to use its reasonable best efforts to (i) avoid the entry of, or to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order that would restrain, prevent or delay the closing of the merger and (ii) avoid or eliminate all impediments under applicable law so as to enable the closing of the merger to occur as soon as possible, provided that KeyCorp and First Niagara will not be required to take, or agree to take, any actions or agree to any condition or restriction, in connection with the grant of certain required regulatory approvals, that would be more likely than not to have a material and adverse effect on KeyCorp and its subsidiaries, taken as a whole, giving effect to the merger (measured on a scale relative to First Niagara and its subsidiaries, taken as a whole), with such an effect referred to as a materially burdensome regulatory condition.

*Stockholder Approval.* First Niagara's Board of Directors has resolved to recommend to the First Niagara stockholders that they approve the merger agreement and to submit to the First Niagara stockholders the merger agreement and any other matters required to be approved by the First Niagara stockholders in order to carry out the intentions of the merger agreement. However, if First Niagara's Board of Directors, after receiving the advice of its outside counsel and financial advisors, determines in good faith that it would reasonably be expected to violate its fiduciary duties under Delaware law to, or to continue to, recommend the merger agreement, then First Niagara's Board of Directors may submit the merger agreement to its stockholders without recommendation, or may change its recommendation, provided that First Niagara's Board of Directors may not withdraw or change its recommendation unless (i) it gives KeyCorp at least five business days' prior written notice of its intention to do so and a reasonable description of the event or circumstances giving rise to its determination to take such action and (ii) at the end of such notice period, First Niagara's Board of Directors takes into account any amendment or modification to the merger agreement proposed by KeyCorp and, after receiving the advice of its outside counsel and financial advisors, determines in good faith that it would nevertheless reasonably be expected to violate its fiduciary duties under Delaware law to continue to recommend the merger agreement.

KeyCorp's Board of Directors has resolved to recommend to the KeyCorp shareholders that they approve the merger proposal and the articles amendment proposal and to submit to the KeyCorp shareholders such proposals and any other matters required to be approved by the KeyCorp shareholders in order to carry out the intentions of the merger agreement.

*NYSE Listing.* KeyCorp will cause the KeyCorp common shares and new KeyCorp preferred stock to be issued in the merger to be approved for listing on the NYSE, subject to official notice of issuance, prior to the effective time of the merger.

*Employee Matters.* For a period of one year after the effective time of the merger, KeyCorp must provide each continuing employee of First Niagara with (i) annual base salary or wages, annual incentive opportunities and long-term incentive compensation opportunities that are no less than the annual base salary or wages, annual incentive opportunities and long-term incentive compensation opportunities, in each case, in effect for such employee immediately prior to the effective time of the merger, (ii) defined contribution retirement and employee welfare benefits (including retiree medical) that are substantially comparable in the aggregate to either (x) the defined contribution retirement and employee welfare benefits (including retiree medical) provided by First Niagara and its subsidiaries to such employee immediately prior to the effective time of the merger or (y) to the defined contribution retirement and employee welfare benefits (excluding retiree medical) provided to similarly situated employees of KeyCorp, (iii) a position (A) requiring substantially comparable skills and abilities as the employee's position immediately prior to the effective time of the merger and (B) that includes a work status (full or part-time) that is not changed from that in effect immediately prior to the effective time of the merger and (iv) certain other agreed severance payments and benefits to each continuing employee of First Niagara and its subsidiaries.



With respect to any employee benefit plans of KeyCorp and its subsidiaries (excluding any retiree medical plan) in which any employees of First Niagara or its subsidiaries become eligible to participate on or after the effective time of the merger (which we refer to as the new plans ) KeyCorp will: (i) waive all pre-existing conditions,

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exclusions and waiting periods with respect to participation and coverage requirements applicable to such employees and their eligible dependents under any new plans, except to the extent such pre-existing conditions, exclusions or waiting periods would apply under the analogous First Niagara benefit plans, (ii) provide each such employee and their eligible dependents with credit for any co-payments or coinsurance and deductibles paid prior to the effective time of the merger under a First Niagara benefit plan (to the same extent that such credit was given under the analogous First Niagara benefit plan prior to the effective time of the merger) in satisfying any applicable deductible, co-payment, coinsurance or maximum out-of-pocket requirements under any new plans and (iii) recognize all service of such employees with First Niagara and its subsidiaries for all purposes in any new plan to the same extent that such service was taken into account under the analogous First Niagara benefit plan prior to the effective time of the merger, including, but not limited to, (A) banking privileges and perquisites applicable to similarly situated employees of KeyCorp and its subsidiaries (both by job classification or status and by geographic location) and (B) for benefit accrual or level of benefits for vacation, paid time off and severance benefits; provided that the foregoing service recognition shall not apply (x) to the extent it would result in duplication of benefits for the same period of services, (y) for purposes of any defined benefit pension plan, or (z) to any benefit plan that is a frozen plan or provides grandfathered benefits.

KeyCorp has agreed to assume and honor all First Niagara benefit plans in accordance with their terms as of the date of the merger agreement or as modified consistent with the terms of the merger agreement, it being understood that KeyCorp and its affiliates may amend or terminate any First Niagara benefit plan if such amendment or termination is permitted by the applicable plan, provided that KeyCorp must honor all deferral elections that have been properly made prior to the effective time of the merger under certain specified First Niagara benefit plans.

Nothing in the merger agreement will confer upon any employee, officer, director or consultant of First Niagara any right to continue in the employ or service of the surviving corporation, or will interfere with or restrict in any way the rights of the surviving corporation to discharge or terminate the services of any employee, officer, director or consultant of First Niagara at any time for any reason whatsoever, with or without cause. Nothing in the merger agreement will be deemed to (i) establish, amend, or modify any benefit or employment plan, program, agreement or arrangement, or (ii) alter or limit the ability of the surviving corporation to amend, modify or terminate any particular benefit or employment plan, program, agreement or arrangement after the merger becomes effective.

*Indemnification and Directors and Officers Insurance.* From and after the effective time of the merger, KeyCorp will indemnify and hold harmless, to the fullest extent permitted by applicable law, each present and former director, officer and employee of First Niagara and its subsidiaries or fiduciaries of First Niagara or any of its subsidiaries under any First Niagara employee benefit plan from liabilities incurred in connection with any threatened or actual claim, action, suit, proceeding or investigation, whether arising before or after the effective time of the merger, arising in whole or in part out of, or pertaining to, (i) the fact that such person is or was a director, officer, employee or fiduciary of First Niagara or any of its subsidiaries or (ii) matters existing or occurring at or prior to the effective time of the merger, including matters, acts or omissions occurring in connection with the consideration and approval of the merger agreement and the consummation of the transactions contemplated thereby. KeyCorp has agreed to maintain in effect the current policies of directors and officers liability insurance maintained by First Niagara or provide substitute directors and officers liability insurance for the benefit of present and former officers and directors of First Niagara or any of its subsidiaries with respect to claims against such directors and officers arising from facts or events occurring at or before the effective time of the merger for a period of six years following the effective time of the merger. Any such substitute insurance will contain terms and conditions that are not less advantageous than the current coverage provided by First Niagara, except that KeyCorp is not required to incur annual premium expense greater than 300% of First Niagara's current annual directors and officers liability insurance premium. In lieu of the foregoing, First Niagara, in consultation with, and with the consent (not to be unreasonably withheld, conditioned or delayed) of, KeyCorp, may obtain a six year tail policy at or prior to the effective time of the merger under First Niagara's existing directors

and officers insurance policy on the terms in this paragraph.

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*No Solicitation.* The merger agreement precludes First Niagara and its subsidiaries and their respective officers, directors, agents, advisors and representatives from initiating, soliciting, knowingly encouraging or knowingly facilitating inquiries or proposals with respect to, or engaging or participating in any negotiations concerning, or providing any confidential or nonpublic information or data to, or having or participating in any discussions with any person relating to, or entering into any binding acquisition agreement, merger agreement or other definitive transaction agreement (other than a confidentiality agreement described in this paragraph) relating to, any Acquisition Proposal (defined below). However, if First Niagara receives an unsolicited bona fide written Acquisition Proposal and First Niagara's Board of Directors concludes in good faith (after receiving the advice of its outside counsel and financial advisors) that such Acquisition Proposal constitutes or is more likely than not to result in a Superior Proposal (defined below), First Niagara may furnish nonpublic information or data and participate in such negotiations or discussions to the extent that the Board of Directors of First Niagara concludes in good faith (after receiving the advice of its outside counsel and financial advisors) that failure to take such actions would reasonably be expected to violate its fiduciary duties under applicable law, provided that prior to providing any such nonpublic information or data, First Niagara will have entered into a confidentiality agreement with such third party on terms, in all material respects, no less favorable to it than the confidentiality agreement between First Niagara and KeyCorp. First Niagara has agreed to, as of the date of the merger agreement, terminate any activities, discussions or negotiations conducted before the date of the merger agreement with any persons other than KeyCorp with respect to any Acquisition Proposal, and to use its reasonable best efforts, subject to applicable law and the fiduciary duties of its Board of Directors, enforce any existing confidentiality, standstill or similar agreement to which it or its subsidiaries is a party relating to an Acquisition Proposal in accordance with its terms. First Niagara has also agreed to advise KeyCorp within 24 hours following receipt of any Acquisition Proposal and the substance thereof (including the identity of the person making such Acquisition Proposal, the latest material terms and conditions of such Acquisition Proposal or any amendment or modification thereof), and to keep KeyCorp apprised within 24 hours of any developments, discussions and negotiations, including any amendments to or revisions of the terms of such Acquisition Proposal.

As used in the merger agreement, *Acquisition Proposal* means (other than the merger agreement) any offer, proposal or third party indication of interest relating to, (i) any acquisition or purchase, direct or indirect, of 20% or more of the consolidated assets of First Niagara and its subsidiaries or 20% or more of any class of equity or voting securities of First Niagara or its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of First Niagara, (ii) any tender offer or exchange offer that, if consummated, would result in such third party beneficially owning 20% or more of any class of equity or voting securities of First Niagara or its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of First Niagara, or (iii) a merger, consolidation, share exchange or other business combination or similar transaction involving First Niagara or its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of First Niagara, except, in each case, any sale of whole loans and securitizations in the ordinary course of business and any *bona fide* internal reorganization.

As used in the merger agreement, *Superior Proposal* means a *bona fide* written Acquisition Proposal that First Niagara's Board of Directors concludes in good faith to be more favorable to its stockholders than the merger and the other transactions contemplated by the merger agreement, (i) after receiving the advice of its financial advisors (who must be a nationally recognized investment banking firm), (ii) after taking into account the likelihood of consummation of such transaction on the terms set forth therein and (iii) after taking into account all legal (with the advice of outside counsel), financial (including the financing terms of any such proposal), regulatory and other aspects of such proposal (including any expense reimbursement

provisions and conditions to closing) and any other relevant factors permitted under applicable law; provided, that for purposes of the definition of Superior Proposal, the references to 20% in the definition of Acquisition Proposal shall be deemed to be references to a majority.

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**Representations and Warranties**

The merger agreement contains representations and warranties made by First Niagara to KeyCorp relating to a number of matters, including the following:

corporate organization, qualification to do business, good standing, corporate power, and subsidiaries;

capitalization;

requisite corporate authority to enter into the merger agreement and to complete the contemplated transactions;

absence of conflicts with governing documents, applicable laws or certain agreements and instruments as a result of entering into the merger agreement or completing the merger;

required regulatory consents necessary in connection with the merger;

existing or contemplated agreements, orders, memoranda of understanding or similar communications with regulators or other government entities;

proper filing of documents with regulatory agencies and the SEC and the accuracy of information contained in the documents filed with the SEC, and Sarbanes-Oxley certifications;

conformity with U.S. GAAP and SEC requirements of First Niagara's financial statements filed with the SEC and the absence of undisclosed liabilities;

broker's and finder's fees related to the merger;

absence of a material adverse effect since December 31, 2014;

legal proceedings and absence of orders, judgments and regulatory restrictions;

compliance with applicable law;

non-applicability of state takeover laws;

employee compensation and benefits matters;

opinion from financial advisor;

accuracy of First Niagara information provided in this joint proxy statement/prospectus;

legal proceedings;

material contracts;

tax matters;

absence of action or any fact or circumstance that would prevent or impede the merger from qualifying as a reorganization;

environmental matters;

intellectual property;

properties;

insurance;

accounting and internal controls;

derivatives;

labor matters; and

related party transactions.

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The merger agreement also contains representations and warranties made by KeyCorp to First Niagara relating to a number of matters, including the following:

corporate organization, qualification to do business, standing and power, and subsidiaries;

capitalization;

requisite corporate authority to enter into the merger agreement and to complete the contemplated transactions;

absence of conflicts with governing documents, applicable laws or certain agreements as a result of entering into the merger agreement or completing the merger;

required regulatory consents necessary in connection with the merger;

existing or contemplated agreements, orders, memoranda of understanding or similar communications with regulators or other government entities;

proper filing of documents with regulatory agencies and the SEC and the accuracy of information contained in the documents filed with the SEC, and Sarbanes-Oxley certifications;

the conformity with U.S. GAAP and SEC requirements of KeyCorp's financial statements filed with the SEC and the absence of undisclosed liabilities;

broker's and finder's fees related to the merger;

the absence of a material adverse effect since December 31, 2014;

compliance with applicable law;

accuracy of KeyCorp information provided in this joint proxy statement/prospectus;

legal proceedings;



absence of action or circumstances that would impede the merger from qualifying as a reorganization; and

accounting and internal controls.

Certain of these representations and warranties are qualified as to materiality or material adverse effect. For purposes of the merger agreement, a material adverse effect with respect to KeyCorp, First Niagara or the surviving company, as the case may be, means a material adverse effect on (i) the business, properties, assets, liabilities, results of operations or financial condition of such person and its subsidiaries taken as a whole (provided, however, that, with respect to this clause (i), material adverse effect shall not be deemed to include the impact of (A) changes, after the date of the merger agreement, in GAAP or applicable regulatory accounting requirements or interpretations thereof, (B) changes, after the date of the merger agreement, in laws, rules, regulations or agency requirements of general applicability to companies in the industries in which such person and its subsidiaries operate, or interpretations thereof by courts or governmental entities, (C) changes, after the date of the merger agreement, in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in economic or market conditions affecting the financial services industry generally and not specifically relating to such person or its subsidiaries, including changes in prevailing interest rates and in the credit and securities markets, (D) failure, in and of itself, to meet internal or other estimates, projections or forecasts of revenue, net income or any other measure of financial performance, or changes in the trading prices of such person's securities, but not, in any such case, including the underlying causes thereof; (E) disclosure or consummation of the transactions contemplated by the merger agreement or actions expressly required by the merger agreement in contemplation of the transactions contemplated by the merger agreement, or (F) actions or omissions taken pursuant to the written consent of KeyCorp, in the case of First Niagara, or First Niagara, in the case of KeyCorp; except, with respect to clauses (A), (B) or (C), to the extent that the effects of such change are materially disproportionately adverse to the business, properties, assets, liabilities, results of operations or

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financial condition of such person and its subsidiaries, taken as a whole, as compared to other companies in the industry in which such person and its subsidiaries operate) or (ii) the ability of such person to timely consummate the transactions contemplated by the merger agreement.

The representations and warranties in the merger agreement do not survive the effective time of the merger and, as described below under *Termination; Termination Fee*, if the merger agreement is validly terminated, there will be no liability under the representations and warranties of the parties, or otherwise under the merger agreement, unless a party engaged in fraud or willfully breached the merger agreement.

This summary and the copy of the merger agreement attached to this joint proxy statement/prospectus as Appendix A are included solely to provide investors with information regarding the terms of the merger agreement. They are not intended to provide factual information about the parties or any of their respective subsidiaries or affiliates. The merger agreement contains representations and warranties by KeyCorp and First Niagara, which were made only for purposes of that agreement and as of specific dates. The representations, warranties and covenants in the merger agreement were made solely for the benefit of the parties to the merger agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the merger agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those generally applicable to investors. Investors are not third-party beneficiaries under the merger agreement, and in reviewing the representations, warranties and covenants contained in the merger agreement or any descriptions thereof in this summary, it is important to bear in mind that such representations, warranties and covenants or any descriptions thereof were not intended by the parties to the merger agreement to be characterizations of the actual state of facts or condition of KeyCorp, First Niagara or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent information may or may not be fully reflected in KeyCorp's and First Niagara's public disclosures. For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone and should instead be read in conjunction with the other information contained in the reports, statements and filings that KeyCorp and First Niagara publicly file with the SEC. See *Incorporation of Certain Documents by Reference* beginning on page 144.

**Conditions to the Merger**

*Conditions to Each Party's Obligations.* The respective obligations of each of KeyCorp and First Niagara to complete the merger are subject to the satisfaction of the following conditions:

receipt of the requisite approval of the KeyCorp shareholders and First Niagara stockholders of the merger agreement and receipt of the requisite approval of the KeyCorp shareholders of the articles amendment;

approval for the listing on the NYSE of the KeyCorp common shares and new KeyCorp preferred stock to be issued in the merger;

the effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus is a part, and the absence of a stop order or proceeding initiated or threatened by the SEC for that purpose;

the absence of any order, injunction, decree, statute, rule, regulation or other legal restraint or prohibition preventing the consummation of, or which prohibits or makes illegal the consummation of, the merger; and

the receipt of all regulatory authorizations, consents, orders or approvals which are necessary to consummate the merger (and the failure of which to be obtained would reasonably be likely to have, individually or in the aggregate, a material adverse effect on the surviving company) and the expiration of all statutory waiting periods without the imposition of any materially burdensome regulatory condition.

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*Conditions to Obligations of KeyCorp.* The obligation of KeyCorp to complete the merger is also subject to the satisfaction, or waiver by KeyCorp, of the following conditions:

the accuracy of the representations and warranties of First Niagara as of the date of the merger agreement and as of the closing date of the merger, other than, in most cases, those failures to be true and correct that would not reasonably be likely to have a material adverse effect on First Niagara or the surviving company;

performance in all material respects by First Niagara of the obligations required to be performed by it at or prior to the closing date of the merger; and

receipt by KeyCorp of an opinion of Simpson Thacher & Bartlett LLP as to certain tax matters.

*Conditions to Obligations of First Niagara.* The obligation of First Niagara to complete the merger is also subject to the satisfaction or waiver by First Niagara of the following conditions:

the accuracy of the representations and warranties of KeyCorp as of the date of the merger agreement and as of the closing date of the merger, other than, in most cases, those failures to be true and correct that would not reasonably be likely to have a material adverse effect on KeyCorp;

performance in all material respects by KeyCorp of the obligations required to be performed by it at or prior to the closing date of the merger; and

receipt by First Niagara of an opinion of Sullivan & Cromwell LLP as to certain tax matters.

**Termination; Termination Fee**

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after adoption of the merger agreement by each of KeyCorp's and First Niagara's shareholders:

by mutual written consent of KeyCorp and First Niagara;

by either KeyCorp or First Niagara, if a required regulatory approval is denied by final, non-appealable action, or if a governmental entity has issued a final, non-appealable order, injunction or decree permanently enjoining or otherwise prohibiting or making illegal the closing of the merger, unless the failure to obtain a required regulatory approval is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party set forth in the agreement;

by either KeyCorp or First Niagara, if the merger has not closed by the close of business on October 30, 2016, unless the failure to close by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party set forth in the agreement;

by either KeyCorp or First Niagara, if there is a breach by the other party that would, individually or in the aggregate with other breaches by such party, result in the failure of a closing condition, unless the breach is cured by the earlier of October 30, 2016 and 60 days following written notice of the breach (provided that the terminating party is not then in material breach of the merger agreement); or

by KeyCorp, if, (i) prior to the adoption by First Niagara stockholders of the merger agreement, the First Niagara Board of Directors (A) submits the merger agreement to its stockholders without a recommendation for adoption, or otherwise withdraws or materially and adversely modifies its recommendation for adoption (or publicly discloses an intention to do so), or recommends to its stockholders an Acquisition Proposal other than the merger agreement, or (B) materially breaches its obligation to call a stockholder meeting and recommend to its stockholders, in accordance with the terms of the merger agreement, the adoption of the merger agreement or to refrain from soliciting alternative acquisition proposals or (ii) a tender offer or exchange offer for 20% or more of First

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Niagara's outstanding shares of common stock is commenced (other than by KeyCorp or its subsidiaries) and the First Niagara Board of Directors recommends that First Niagara's stockholders tender or exchange their shares (or fails to recommend a rejection of such tender or exchange offer within ten business days).

First Niagara must pay KeyCorp a termination fee of \$137.5 million in the following circumstances:

- (1) prior to the effective time of the merger and after the date of the merger agreement, a bona fide Acquisition Proposal has been made known to senior management of First Niagara or made directly to its stockholders generally or any person has publicly announced (whether or not withdrawn) an Acquisition Proposal with respect to First Niagara and (A) thereafter the merger agreement is terminated by either party because the merger was not consummated on or before October 30, 2016 and First Niagara stockholders did not adopt the merger agreement or (B) thereafter the merger agreement is terminated by KeyCorp because First Niagara has breached the merger agreement in such a way as would prevent certain closing conditions from being obtained and would give KeyCorp the right to terminate the merger agreement and (C) within one year after the termination of the merger agreement, an Acquisition Proposal is consummated or any definitive agreement with respect to an Acquisition Proposal is entered into (provided that for purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term elsewhere in this joint proxy statement/prospectus, except that the references to "20%" in the definition of an "Acquisition Proposal" elsewhere in this joint proxy statement/prospectus shall be deemed to be references to "50%"); or
- (2) KeyCorp terminates the merger agreement because (i) prior to the adoption by First Niagara stockholders of the merger agreement, the First Niagara Board of Directors (A) submits the merger agreement to its stockholders without a recommendation for adoption, or otherwise withdraws or materially and adversely modifies its recommendation for adoption (or publicly discloses an intention to do so), or recommends to its stockholders an Acquisition Proposal other than the merger agreement, or (B) materially breaches its obligation to call a stockholder meeting and recommend to its stockholders, in accordance with the terms of the merger agreement, the adoption of the merger agreement or to refrain from soliciting alternative acquisition proposals or (ii) a tender offer or exchange offer for 20% or more of First Niagara's outstanding shares of common stock is commenced (other than by KeyCorp or its subsidiaries) and the First Niagara Board of Directors recommends that First Niagara's stockholders tender or exchange their shares (or fails to recommend a rejection of such tender or exchange offer within ten business days).

**Effect of Termination**

If the merger agreement is validly terminated, the agreement will become void without any liability on the part of any of the parties unless a party fraudulently or willfully breaches the merger agreement. However, the provisions of the merger agreement relating to confidentiality obligations of the parties, the termination fee and certain other technical provisions will continue in effect notwithstanding termination of the merger agreement.

**Amendments, Extensions and Waivers**

The merger agreement may be amended by the parties, by action taken or authorized by their respective Boards of Directors, at any time before or after approval of the matters presented in connection with the merger by the shareholders of KeyCorp and First Niagara, in writing signed on behalf of each of the parties, provided that after any approval of the transactions contemplated by the merger agreement by the KeyCorp or First Niagara stockholders, there may not be, without further approval of such shareholders, any amendment of the merger agreement that requires further approval under applicable law.

At any time prior to the effective time of the merger, the parties, by action taken or authorized by their respective Boards of Directors, may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties contained in the merger agreement or any document delivered pursuant thereto and (c) waive compliance with any of the agreements or conditions

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contained in the merger agreement, provided that after any approval of the transactions contemplated by the merger agreement by the KeyCorp or First Niagara stockholders, there may not be, without further approval of such shareholders, any extension or waiver of the merger agreement or any portion thereof that requires further approval under applicable law. Any agreement on the part of a party to any extension or waiver must be in writing.

### **Stock Market Listing**

Application will be made by KeyCorp to have the KeyCorp common shares and the new KeyCorp preferred stock to be issued in the merger approved for listing on the NYSE, which is the principal trading market for existing shares of KeyCorp common shares and preferred stock. It is a condition to both parties' obligation to complete the merger that such approval is obtained, subject to official notice of issuance. As promptly as reasonably practicable following the effective time of the merger, First Niagara common stock will be delisted from the NASDAQ and deregistered under the Exchange Act.

### **Fees and Expenses**

Except with respect to (i) costs and expenses of printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the merger, which will be borne equally by KeyCorp and First Niagara, (ii) all filing and other fees in connection with any filing under the HSR Act, which shall be borne by KeyCorp and (iii) the termination fee, as described elsewhere in this joint proxy statement/prospectus, all fees and expenses incurred in connection with the merger agreement, and the transactions contemplated by the merger agreement, will be paid by the party incurring such fees or expenses, whether or not the merger is consummated.



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**LITIGATION RELATED TO THE MERGER**

From November 9, 2015 to November 23, 2015, five purported class action lawsuits were filed in the Supreme Court of the State of New York, Erie County, challenging the merger. These actions, Fegley v. Crosby, et al., Case No. 15-812908 (filed Nov. 9, 2015); Mucha v. First Niagara Financial Group Inc., et al., Case No. 812976/2015 (filed Nov. 10, 2015); Steiner v. Crosby, et al., Case No. 15-813176 (filed Nov. 13, 2015) Bushansky v. First Niagara Financial Group Inc., et al., Case No. 813348/2015 (filed Nov. 18, 2015); and Baczkiewicz v. Crosby, et al., Case No. 813521/2015 (filed Nov. 23, 2015); name First Niagara, the individual members of the First Niagara Board of Directors, and KeyCorp as defendants. On November 17, 2015, an additional purported class action lawsuit was filed in the Delaware Court of Chancery challenging the merger. This lawsuit, Howard L. Grossman Rollover IRA v. First Niagara Financial Group, Inc., et al., Case No. 11710, names First Niagara, the members of the First Niagara Board of Directors, and KeyCorp as defendants. The complaints contain substantially similar allegations, including that members of the First Niagara Board of Directors failed to take appropriate steps to maximize stockholder value and that the merger agreement contains deal protection provisions that are unnecessarily preclusive. The lawsuits further allege that First Niagara and KeyCorp aided and abetted the purported breaches of fiduciary duty. These actions seek a variety of equitable and injunctive relief including, among other things, enjoining the consummation of the merger, rescinding the merger to the extent already implemented, directing the defendants to account to the plaintiffs and the purported class for their damages, and awarding plaintiffs costs and attorneys fees. The defendants believe these lawsuits are wholly without merit, and intend to vigorously defend against them.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES  
OF THE MERGER**

This section describes the anticipated material United States federal income tax consequences of the merger to U.S. holders (as defined below) of: (1) First Niagara common stock who exchange shares of First Niagara common stock for a combination of KeyCorp common shares and cash pursuant to the merger and (2) First Niagara preferred stock (together with First Niagara common stock, First Niagara stock ) who exchange shares of First Niagara preferred stock for new KeyCorp preferred stock pursuant to the merger.

For purposes of this discussion, a U.S. holder is a beneficial owner of First Niagara stock who for United States federal income tax purposes is:

a citizen or individual resident of the United States;

a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States or any State or the District of Columbia;

a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of one or more United States persons to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person; or

an estate that is subject to United States federal income tax on its income regardless of its source.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) holds First Niagara stock, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding First Niagara stock, you should consult your tax advisor.

This discussion addresses only those First Niagara stockholders that hold their First Niagara stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, and does not address all the United States federal income tax consequences that may be relevant to particular First Niagara stockholders in light of their individual circumstances or to First Niagara stockholders that are subject to special rules, such as:

financial institutions;

investors in pass-through entities;

insurance companies;

tax-exempt organizations;

dealers in securities;

traders in securities that elect to use a mark to market method of accounting;

persons who exercise dissenters' rights;

persons that hold First Niagara stock as part of a straddle, hedge, constructive sale or conversion transaction;

certain expatriates or persons that have a functional currency other than the U.S. dollar;

persons who are not U.S. holders; and

stockholders who acquired their shares of First Niagara stock through the exercise of an employee stock option or otherwise as compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger, nor does it address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010.

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The following discussion is based on the Internal Revenue Code, its legislative history, existing and proposed regulations thereunder and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of this discussion.

KeyCorp and First Niagara have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. The obligation of KeyCorp to complete the merger is conditioned upon the receipt of an opinion from Simpson Thacher & Bartlett LLP, counsel to KeyCorp, to the effect that the merger will for federal income tax purposes qualify as a reorganization based upon customary representations made by KeyCorp and First Niagara. The obligation of First Niagara to complete the merger is conditioned upon the receipt of an opinion from Sullivan & Cromwell LLP, counsel to First Niagara, to the effect that the merger will for federal income tax purposes qualify as a reorganization based upon customary representations made by KeyCorp and First Niagara. Neither of these opinions is binding on the Internal Revenue Service or the courts. KeyCorp and First Niagara have not requested and do not intend to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the merger. Accordingly, each First Niagara stockholder should consult its tax advisor with respect to the particular tax consequences of the merger to such holder.

*Tax Consequences of the Merger Generally to Holders of First Niagara Stock.* If the merger is treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, the tax consequences are as follows:

For First Niagara stockholders who receive KeyCorp common shares and cash in exchange for shares of First Niagara common stock pursuant to the merger:

gain (but not loss) will be recognized in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the KeyCorp common shares and cash (other than cash received instead of a fractional KeyCorp common share) received by a holder of First Niagara common stock exceeds such holder's tax basis in its First Niagara common stock, and (2) the amount of cash received by such holder of First Niagara common stock (except with respect to any cash received instead of fractional interests in KeyCorp common shares, as discussed in the section entitled "Cash Received Instead of a Fractional KeyCorp Common Share" below);

the aggregate basis of the KeyCorp common shares received in the merger will be the same as the aggregate basis of the First Niagara common stock for which it is exchanged, decreased by the amount of cash received in the merger (except with respect to any cash received instead of fractional interests in KeyCorp common shares), decreased by any basis attributable to fractional interests in KeyCorp common shares for which cash is received, and increased by the amount of gain recognized on the exchange (regardless of whether such gain is classified as capital gain, or as ordinary dividend income, as discussed below, but excluding any gain recognized with respect to fractional interests in KeyCorp common shares for which cash is received); and

the holding period of KeyCorp common shares received in exchange for shares of First Niagara common stock will include the holding period of the First Niagara common stock for which it is

exchanged.

For First Niagara stockholders who receive new KeyCorp preferred stock in exchange for shares of First Niagara preferred stock pursuant to the merger:

no gain or loss will be recognized;

the aggregate basis of the new KeyCorp preferred stock received in the merger will be the same as the aggregate basis of the First Niagara preferred stock for which it is exchanged; and

the holding period of new KeyCorp preferred stock received in exchange for shares of First Niagara preferred stock will include the holding period of the First Niagara preferred stock for which it is exchanged.

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If holders of First Niagara stock acquired different blocks of First Niagara stock at different times or at different prices, any gain or loss will be determined separately with respect to each block of First Niagara stock and such holders' basis and holding period in their shares of KeyCorp common and new KeyCorp preferred stock may be determined with reference to each block of First Niagara stock.

Gain that holders of First Niagara common stock recognize in connection with the merger generally will constitute capital gain and will constitute long-term capital gain if such holders have held (or are treated as having held) their First Niagara common stock for more than one year as of the date of the merger. Long-term capital gain of non-corporate holders of First Niagara common stock is generally taxed at preferential rates. All or part of the gain that a particular U.S. holder of First Niagara common stock recognizes could be treated as dividend income rather than capital gain if (i) such U.S. holder is a significant shareholder of KeyCorp or (ii) such U.S. holder's percentage ownership, taking into account constructive ownership rules, in KeyCorp after the merger is not meaningfully reduced from what its percentage ownership would have been if it had received solely KeyCorp common shares rather than a combination of cash and KeyCorp common shares in the merger. This could happen, for example, because of ownership of additional KeyCorp common shares by such holder, ownership of KeyCorp common shares by a person related to such holder or a share repurchase by KeyCorp from other holders of KeyCorp common shares. The Internal Revenue Service has indicated in rulings that any reduction in the interest of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would result in capital gain as opposed to dividend treatment. Because the possibility of dividend treatment depends primarily upon each holder's particular circumstances, including the application of the constructive ownership rules, holders of First Niagara common stock should consult their tax advisors regarding the application of the foregoing rules to their particular circumstances.

*Cash Received Instead of a Fractional KeyCorp Common Share.* A holder of First Niagara common stock who receives cash instead of a fractional KeyCorp common share will generally be treated as having received the fractional share pursuant to the merger and then as having sold that fractional KeyCorp common share for cash. As a result, a holder of First Niagara common stock will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. Except as described above, this gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

*Backup Withholding and Information Reporting.* Payments of cash to a holder of First Niagara common stock may, under certain circumstances, be subject to information reporting and backup withholding, unless the holder provides proof of an applicable exemption satisfactory to KeyCorp and the exchange agent or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder's United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

**The preceding discussion is intended only as a summary of material United States federal income tax consequences of the merger and does not address tax consequences that may vary with, or are contingent on, individual circumstances. Moreover, it does not address any non-income tax or any foreign, state or local tax consequences of the merger. Thus, you are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other tax laws and the effect of any proposed changes in the tax laws.**



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**UNAUDITED PRO FORMA**

**COMBINED CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The following unaudited pro forma combined condensed consolidated financial information combines the historical consolidated financial position and results of operations of KeyCorp and its subsidiaries and First Niagara and its subsidiaries, as an acquisition by KeyCorp of First Niagara using the acquisition method of accounting and giving effect to the related pro forma adjustments described in the accompanying notes. Under the acquisition method of accounting, the assets and liabilities of First Niagara will be recorded by KeyCorp at their respective fair values as of the date the merger is completed. The unaudited pro forma combined financial information should be read in conjunction with KeyCorp's Quarterly Report on Form 10-Q for the period ended September 30, 2015, and Annual Report on Form 10-K for the year ended December 31, 2014, which are incorporated in this joint proxy statement/prospectus by reference, and First Niagara's Quarterly Report on Form 10-Q for the period ended September 30, 2015, and Annual Report on Form 10-K for the year ended December 31, 2014, which are incorporated in this joint proxy statement/prospectus by reference. See *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus.

The merger was announced on October 30, 2015, and provides that each outstanding share of First Niagara common stock held immediately prior to the merger will be automatically converted into the right to receive 0.680 KeyCorp common shares and \$2.30 in cash. The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Accordingly, a First Niagara stockholder who receives a combination of KeyCorp common shares and cash, other than cash received in lieu of fractional KeyCorp common shares, in exchange for its First Niagara common stock pursuant to the merger will generally recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the KeyCorp common shares and cash (other than cash received in lieu of fractional KeyCorp common shares) received by such First Niagara stockholder for its shares of First Niagara common stock exceeds such holder's tax basis in its First Niagara common stock, and (2) the amount of cash, other than cash received in lieu of fractional KeyCorp common shares, received by such First Niagara stockholder in exchange for its shares of First Niagara common stock.

In addition, at the effective time of the merger, each share of the First Niagara preferred stock will be converted into the right to receive a share of the new KeyCorp preferred stock.

The unaudited pro forma combined condensed balance sheet gives effect to the merger as if the transaction had occurred on September 30, 2015. The unaudited pro forma combined condensed income statements for the nine months ended September 30, 2015, and the year ended December 31, 2014, give effect to the merger as if the transaction had become effective on January 1, 2014.

The unaudited pro forma combined condensed financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined at the beginning of each period presented, nor the impact of possible business model changes. The unaudited pro forma combined condensed consolidated financial information also does not consider any potential effects of changes in market conditions on revenues, expense efficiencies, asset dispositions, and share repurchases, among other factors. In addition, as explained in more detail in the accompanying notes beginning on page 117, the preliminary allocation of the pro forma purchase price reflected in the unaudited pro forma combined condensed consolidated financial information is subject to adjustment and may vary significantly from the actual purchase price allocation that will be recorded upon completion of the merger.





**Table of Contents****KEYCORP AND SUBSIDIARIES UNAUDITED COMBINED CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2015**

<i>in millions, except per share amounts</i>	KeyCorp As Reported	First Niagara As Reported <sup>(a)</sup>	Pro Forma Adjustments	Ref	Pro Forma Combined KeyCorp <sup>(a)</sup>
<b>ASSETS</b>					
Cash and short-term investments	\$ 2,434	\$ 420	\$ (846)	A	\$ 2,008
Trading account assets	811				811
Securities investments	19,312	12,006	(46)	B	31,272
Other investments	691	373			1,064
Loans, net of unearned income	60,085	23,666	(724)	C	83,027
Less: Allowance for loan losses	790	239	(239)	D	790
Net loans	59,295	23,427	(485)		82,237
Goodwill	1,060	1,348	280	E	2,688
Other intangible assets	74	52	350	F	476
Other assets	9,659	1,786	13	G	11,458
Discontinued assets	2,086				2,086
<b>Total assets</b>	<b>\$ 95,422</b>	<b>\$ 39,413</b>	<b>\$ (734)</b>		<b>\$ 134,101</b>
<b>LIABILITIES</b>					
Deposits	\$ 71,073	\$ 28,816	\$ (31)	H	\$ 99,858
Federal funds purchased and securities sold under repurchase agreements	407				407
Bank notes and other short-term borrowings	677	4,086			4,763
Other liabilities	2,238	588			2,826
Long-term debt	10,310	1,783	(116)	I	11,977
<b>Total liabilities</b>	<b>84,705</b>	<b>35,274</b>	<b>(147)</b>		<b>119,832</b>
<b>SHAREHOLDERS EQUITY</b>					
Preferred shares	290	338		J	628
Common shares	1,017	4	238	K	1,259
Capital surplus	3,914	4,228	(1,228)	L	6,914
Retained earnings (accumulated deficit)	8,764	(270)	243	M, N	8,737
Treasury stock, at cost	(3,008)	(143)	143	M	(3,008)
Accumulated other comprehensive income (loss)	(272)	(17)	17	M	(272)
Shareholders equity	10,705	4,139	(587)		14,257
Noncontrolling interest	12				12
<b>Total equity</b>	<b>10,717</b>	<b>4,139</b>	<b>(587)</b>		<b>14,269</b>

<b>Total liabilities and equity</b>	\$ 95,422	\$ 39,413	\$ (734)	\$ 134,101
Common shares outstanding (000)	835,285	354,788	(113,532)	0 1,076,541
Book value per common share	\$ 12.47	\$ 10.82		\$ 12.66

See accompanying notes to unaudited pro forma combined condensed consolidated financial statements.

(a) Totals may not add due to rounding.

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**KEYCORP AND SUBSIDIARIES UNAUDITED PRO FORMA COMBINED CONDENSED  
CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

<i>in millions, except per share amounts</i>	KeyCorp As Reported	First Niagara As Reported <sup>(a)</sup>	Pro Forma Adjustments	Ref	Pro Forma Combined KeyCorp <sup>(a)</sup>
Interest income	\$ 1,949	\$ 894	\$ 74	P	\$ 2,917
Interest expense	203	105	7	Q	315
Net interest income	1,746	790	67		2,603
Provision for credit losses	121	53			174
Net interest income after provision for credit losses	1,625	736	67		2,428
Noninterest income	1,395	252			1,647
Noninterest expense	2,104	754	37	R	2,895
Income from continuing operations before income taxes	916	234	30		1,180
Income taxes	230	61	12	S	303
Income from continuing operations	686	173	18		877
Dividends on preferred stock, net income attributable to noncontrolling interests, and income allocable to unvested restricted stock awards	18	24			42
Income attributable and allocable to common shareholders	\$ 668	\$ 149	\$ 18		\$ 835
Basic earnings per share from continuing operations	\$ .79	\$ .42			\$ .77
Diluted earnings per share from continuing operations	.78	.42			.77
Weighted-average common shares outstanding (000)	839,758	351,055	(112,338)	T	1,078,475
Weighted-average common shares and potential common shares outstanding (000)	847,371	352,847	(112,606)	T	1,087,612

See accompanying notes to unaudited pro forma combined condensed consolidated financial statements.

(a) Totals may not add due to rounding.



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**KEYCORP AND SUBSIDIARIES UNAUDITED PRO FORMA COMBINED CONDENSED  
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014**

<i>in millions, except per share amounts</i>	KeyCorp As Reported	First Niagara As Reported <sup>(a)</sup>	Pro Forma Adjustments	Ref	Pro Forma Combined KeyCorp <sup>(a)</sup>
Interest income	\$ 2,554	\$ 1,207	\$ 129	P	\$ 3,890
Interest expense	261	122	18	Q	401
Net interest income	2,293	1,086	111		3,490
Provision for credit losses	57	96			153
Net interest income after provision for credit losses	2,236	990	111		3,337
Noninterest income	1,797	310			2,107
Goodwill impairment		1,100			1,100
Other noninterest expense	2,761	1,024	49	R	3,834
Income (loss) from continuing operations before income taxes	1,272	(824)	62		510
Income taxes	326	(109)	24	S	241
Income (loss) from continuing operations	946	(715)	38		269
Dividends on preferred stock, net income attributable to noncontrolling interests, and income allocable to unvested restricted stock awards	29	31			60
Income (loss) attributable and allocable to common shareholders	\$ 917	\$ (746)	\$ 38		\$ 209
Basic earnings per share from continuing operations	\$ 1.05	\$ (2.13)			\$ .19
Diluted earnings per share from continuing operations	1.04	(2.13)			.19
Weighted-average common shares outstanding (000)	871,464	350,237	(112,076)	T	1,109,625
Weighted-average common shares and potential common shares outstanding (000)	878,199	350,237	(112,076)	T	1,116,360

See accompanying notes to unaudited pro forma combined condensed consolidated financial statements.

(a) Totals may not add due to rounding.



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**Table of Contents****Note 1 Basis of Presentation**

The unaudited pro forma combined condensed consolidated financial information and explanatory notes have been prepared to illustrate the effects of the merger involving KeyCorp and First Niagara under the acquisition method of accounting with KeyCorp treated as the acquirer. The unaudited pro forma combined condensed consolidated financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of each period presented, nor does it necessarily indicate the results of operations in future periods or the future financial position of the combined entities. Under the acquisition method of accounting, the assets and liabilities of First Niagara, as of the effective date of the merger, will be recorded by KeyCorp at their respective fair values and the excess of the merger consideration over the fair value of First Niagara's net assets will be allocated to goodwill.

The merger, which is currently expected to be completed in the third quarter of 2016, provides for First Niagara common stockholders to receive 0.680 KeyCorp common shares and \$2.30 in cash for each share of First Niagara common stock they hold immediately prior to the merger. Based on the closing trading price of KeyCorp common shares on the NYSE on October 29, 2015, the last trading day before the public announcement of the signing of the merger agreement, the value of the merger consideration per share of First Niagara common stock was \$11.40. Based on the closing trading price of KeyCorp common shares on the NYSE on [ ], 2015, the last practicable date before the date of this joint proxy statement/prospectus, the value of the merger consideration per share of First Niagara common stock was [ ]. In addition, at the effective time of the merger, each share of First Niagara preferred stock will be converted into the right to receive a share of the new KeyCorp preferred stock.

The pro forma allocation of purchase price reflected in the unaudited pro forma combined condensed consolidated financial information is subject to adjustment and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed. Adjustments may include, but not be limited to, changes in (i) First Niagara's balance sheet through the effective time of the merger; (ii) the aggregate value of merger consideration paid if the price of KeyCorp's shares vary from the assumed \$13.38 per share, which represents the closing share price of KeyCorp common shares on October 29, 2015; (iii) total merger related expenses if consummation and/or implementation costs vary from currently estimated amounts; and (iv) the underlying values of assets and liabilities if market conditions differ from current assumptions.

The accounting policies of both KeyCorp and First Niagara are in the process of being reviewed in detail. Upon completion of such review, conforming adjustments or financial statement reclassification may be determined.

**Note 2 Preliminary Purchase Price Allocation**

The pro forma adjustments include the estimated purchase accounting entries to record the merger transaction. The excess of the purchase price over the fair value of net assets acquired, net of deferred taxes, is allocated to goodwill. Estimated fair value adjustments included in the pro forma financial statements are based upon available information and certain assumptions considered reasonable, and may be revised as additional information becomes available.

Core deposit and other intangible assets of \$402 million are included in the pro forma adjustments separate from goodwill and amortized using the sum-of-the-years-digits method over ten years. When the actual amortization is recorded for periods following the merger closing, the straight line or sum-of-the-years-digits method will be used. Goodwill totaling \$1.628 billion is included in the pro forma adjustments and is not subject to amortization. The purchase price is contingent on KeyCorp's price per common share at the date of close, which has not yet occurred. Accordingly, a 10% increase or decrease in KeyCorp's most recently used price per common share would result in a corresponding goodwill adjustment of approximately \$324 million.





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The preliminary purchase price allocation is as follows:

*in millions, except per share amounts*

**Pro Forma Purchase Price**

Estimated First Niagara shares outstanding (includes performance shares and stock options)	356
Cash consideration (per First Niagara share)	\$ 2.30

Estimated cash portion of purchase price	819
Estimated First Niagara shares outstanding	356
Exchange ratio	.680

Total KeyCorp common shares issues	242
KeyCorp s share price (as of October 29, 2015)	\$ 13.38

Equity portion of purchase price	3,242
Exchange of First Niagara preferred stock for KeyCorp preferred stock	338

Total estimated consideration to be paid	4,399
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**First Niagara Net Assets at Fair Value**

Assets acquired:

Cash and short-term investments	\$ 420
Securities investments	11,960
Other investments	373
Loans, net of unearned income	22,942
Other intangible assets	402
Other assets	1,800

Total assets acquired	37,897
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Liabilities assumed:

Deposits	28,785
Bank notes and other short-term borrowings	4,086
Other liabilities	588
Long-term debt	1,667

Total liabilities assumed	35,126
Net assets acquired	2,771

Preliminary pro forma goodwill	\$ 1,628
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**Note 3 Pro Forma Adjustments**

The following pro forma adjustments have been reflected in the unaudited pro forma combined condensed consolidated financial information. All taxable adjustments were calculated using a 38.5% tax rate to arrive at deferred tax asset or liability adjustments. All adjustments are based on current assumptions and valuations, which are subject to change.

- A. Adjustments to cash and short-term investments to reflect estimated cash of \$819 million used to purchase First Niagara and contractually obligated after-tax merger costs of \$27 million.
- B. Adjustment to securities classified as held-to-maturity to reflect estimated fair value of acquired investment securities.
- C. Adjustment to loans, net of unearned income to reflect estimated fair value adjustments, which included credit deterioration, current interest rates and liquidity, to acquired loans.
- D. Elimination of First Niagara's existing allowance for loan losses. Purchased loans in a business combination are recorded at estimated fair value on the purchase date and the carryover of the related allowance for loan losses is prohibited.

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- E. Adjustments to goodwill to eliminate First Niagara goodwill of \$1.348 billion at merger date and record estimated goodwill associated with the merger of \$1.628 billion.
- F. Adjustments to other intangible assets to eliminate First Niagara other intangible assets of \$52 million and record estimated other intangible assets associated with the merger of \$402 million, which includes estimated core deposit intangible assets of \$322 million.
- G. A net deferred tax asset of approximately \$13 million was recorded for the effects of the acquisition accounting adjustments.
- H. Adjustment to deposits to reflect estimated fair value of acquired interest-bearing deposits.
- I. Adjustment to long-term debt to reflect estimated fair value of acquired long-term debt.
- J. Adjustments to preferred shares to eliminate the First Niagara preferred stock and replace it with the new KeyCorp preferred stock.
- K. Adjustments to KeyCorp common shares to eliminate First Niagara common stock of \$4 million par value and record the issuance of KeyCorp common shares to First Niagara stockholders of \$242 million par value.
- L. Adjustments to capital surplus to eliminate First Niagara capital surplus of \$4.228 billion and record the issuance of KeyCorp common shares in excess of par value to First Niagara stockholders of \$3 billion.
- M. Adjustments to eliminate remaining First Niagara equity balances of \$430 million.
- N. Adjustment to retained earnings to reflect contractually obligated after-tax merger costs of \$27 million.
- O. Adjustments to KeyCorp's common shares outstanding to eliminate First Niagara common stock outstanding of 354,787,808 and record KeyCorp common shares of 241,255,709, calculated using the exchange ratio of 0.680 per share.
- P. Net adjustments to interest income of \$74 million for the nine months ended September 30, 2015 and \$129 million for the year ended December 31, 2014 to eliminate First Niagara's amortization of premiums and accretion of discounts on previously acquired loans and record estimated amortization of premiums and accretion of discounts on acquired loans of First Niagara.

- Q. Net adjustments to interest expense of \$7 million for the nine months ended September 30, 2015 and \$18 million for the year ended December 31, 2014 to eliminate First Niagara's amortization of premiums and accretion of discounts on previously acquired deposits and record estimated amortization of premiums and accretion of discounts on acquired deposits of First Niagara.
  
- R. Net adjustments to noninterest expense of \$37 million for the nine months ended September 30, 2015 and \$49 million for the year ended December 31, 2014 to eliminate First Niagara's amortization expense on other intangible assets and record estimated amortization of acquired other intangible assets. See Note 2 for additional information regarding KeyCorp's amortization of acquired other intangible assets.
  
- S. Adjustment to income tax expense to record the income tax effect of pro forma adjustments at the estimated statutory tax rate of 38.5%.
  
- T. Adjustments to weighted-average KeyCorp common shares outstanding to eliminate First Niagara weighted-average common stock outstanding and record KeyCorp common shares outstanding, calculated using the exchange ratio of 0.680 per share for all shares except for shares issued for equity awards, which were calculated using an exchange ratio of 0.850 (no cash received for equity awards).

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**Note 4 Estimated Cost Savings and Merger Integration Costs**

KeyCorp expects to realize approximately \$400 million, or 40% of First Niagara's current noninterest expense, in annual pre-tax cost savings following the merger. Estimated cost savings is expected to be fully realized in fiscal year 2018 and is excluded from this pro forma analysis.

Merger- and integration-related costs are not included in the pro forma combined statements of income since they will be recorded in the combined results of income as they are incurred prior to, or after completion of, the merger and are not indicative of what the historical results of the combined company would have been had the companies been actually combined during the periods presented. Merger- and integration-related costs are estimated to be \$550 million pre-tax.

**Note 5 Divestiture of First Niagara Bank and/or KeyBank Branches**

Due to the competitive considerations of the merger in accordance with regulatory guidelines, KeyCorp expects that it will have to divest First Niagara Bank and/or KeyBank branches in certain banking areas in order to obtain regulatory approvals to complete the transactions contemplated by the merger agreement. If required by regulatory authorities, KeyCorp will divest branches in certain areas in a manner sufficient to eliminate such regulatory authorities' competitive concerns. However, these branch divestitures have not yet been identified and therefore are excluded from the pro forma analysis. See *Regulatory Approvals Required for the Merger* beginning on page 90.

**Table of Contents****COMPARISON OF SHAREHOLDERS RIGHTS****General**

First Niagara is incorporated under the laws of the State of Delaware and the rights of First Niagara stockholders are governed by the laws of the State of Delaware, including the DGCL, First Niagara's charter and First Niagara's bylaws. As a result of the merger, First Niagara stockholders who receive KeyCorp common shares will become KeyCorp shareholders. KeyCorp is incorporated under the laws of the State of Ohio and the rights of KeyCorp shareholders are governed by the laws of the State of Ohio, including the Ohio General Corporation Law (which we refer to as the OGCL), KeyCorp's articles and KeyCorp's regulations. Thus, following the merger, the rights of First Niagara stockholders who become KeyCorp shareholders in the merger will no longer be governed by the laws of the State of Delaware, First Niagara's charter and First Niagara's bylaws and instead will be governed by the laws of the State of Ohio, as well as by KeyCorp's articles and KeyCorp's regulations.

**Comparison of Shareholders Rights**

Set forth below is a summary comparison of material differences between the rights of KeyCorp shareholders under KeyCorp's articles and KeyCorp's regulations (right column), and the rights of First Niagara stockholders under First Niagara's charter and First Niagara's bylaws (left column). The summary set forth below is not intended to be complete or to provide a comprehensive discussion of each company's governing documents. This summary is qualified in its entirety by reference to the full text of KeyCorp's articles and KeyCorp's regulations, and First Niagara's charter and First Niagara's bylaws, as well as the relevant provisions of the OGCL and the DGCL. Copies of KeyCorp's and First Niagara's governing documents are filed as exhibits to the reports of KeyCorp and First Niagara as incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus.

**First Niagara****KeyCorp****Authorized Capital Stock**

First Niagara's charter authorizes First Niagara to issue up to 500,000,000 shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share. As of the First Niagara record date, there were [ ] shares of First Niagara common stock outstanding and [ ] shares of First Niagara preferred stock outstanding.

KeyCorp's articles authorize KeyCorp to issue up to 1,400,000,000 common shares, par value \$1.00 per share, and 25,000,000 shares of preferred stock, par value \$1.00 per share. As of the KeyCorp record date, there were [ ] shares of the KeyCorp common shares outstanding and [ ] shares of preferred stock outstanding.

**Number of Directors**

First Niagara's charter provides that the number of directors may be fixed from time to time exclusively by a resolution adopted by a majority of the total number of directors which First Niagara would have if there were no vacancies on the Board of Directors. The First Niagara Board of Directors currently has ten directors.

KeyCorp's regulations provide for KeyCorp's Board of Directors to consist of no fewer than 12 and, assuming the regulations amendment is approved by KeyCorp's shareholders, no more than 17 directors, with the exact number to be fixed from time to time by the Board of Directors or shareholders. KeyCorp's Board of Directors may change the size of the Board of

Directors within the foregoing range by the affirmative vote of a majority of the entire authorized Board. KeyCorp's shareholders may fix or change the size of KeyCorp's Board of Directors within the foregoing range at a meeting of the shareholders of KeyCorp called for the purpose of electing directors at which a quorum is present by the affirmative vote



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**First Niagara**

**KeyCorp**

of the majority of the shares that are represented at the meeting and entitled to vote on the proposal. KeyCorp's Board of Directors presently consists of 14 directors.

Under the OGCL, the number of directors of a corporation may not be less than one.

**Classes of Directors**

First Niagara's Board of Directors is not classified. First Niagara's charter provides for annual election of directors.

KeyCorp's Board of Directors is not classified. KeyCorp's regulations provide for annual election of directors.

**Special Meetings of the Board of Directors**

First Niagara's bylaws provide that a special meeting of the Board of Directors may be called by one-third of the directors then in office (rounded up to the nearest whole number) or by the Chairman of the Board of Directors. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than two days before the meeting or by e-mailing, faxing or by telephoning of the same not less than 24 hours before the meeting.

KeyCorp's regulations provide that a special meeting of directors shall be held whenever called by the Chairperson of the Board, President or a majority of the directors. Notice of each special meeting of the Board shall be given to each director personally or by telephone, no later than the day before the meeting is to be held, or if sent by other electronic communication, at least two days before the day on which the meeting is held.

**Removal of Directors**

First Niagara's charter provides that, subject to the rights of the holders of any series of outstanding preferred shares, any director, or the entire Board of Directors, may be removed from office at any time, but only by the affirmative vote of the holders of at least 80% of the voting power of all the then-outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class.

KeyCorp's regulations provide that any director may be removed if (i) by order of court the director has been found to be of unsound mind or if the director is adjudicated a bankrupt or (ii) within 60 days from the director's election, the director does not qualify by accepting the election to such office or by acting at a meeting of directors. Directors may only be removed from office by the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp entitled to elect directors in place of those removed.

**Filling Vacancies on the Board of Directors**

First Niagara's charter provides that, subject to the rights of the holders of any series of outstanding preferred shares,

KeyCorp's regulations provide that, subject to the rights of the holders of any series of preferred stock,

newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum.

vacancies on the Board of Directors resulting from death, resignation, removal or other cause, may be filled by the affirmative vote of the majority of the directors, whether or not a quorum exists, or by a sole remaining director. Newly created directorships resulting from an increase in the number of directors by the Board of Directors may be filled by an

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**First Niagara**

**KeyCorp**

affirmative vote of a majority of the directors, or if not so filled, by the shareholders at the next annual meeting or at a special meeting called for that purpose.

If the shareholders increase the authorized number of directors but fail at the meeting in which such increase is authorized, or an adjournment of that meeting, to elect the additional directors provided for, or if the shareholders fail at any meeting to elect the whole authorized number of directors, such vacancies may be filled by the affirmative vote of a majority of the directors then in office.

Any director elected to fill a vacancy shall remain in office for the remainder of the unexpired term or until such director's successor shall have been elected and qualified.

**Nomination of Director Candidates by Shareholders**

First Niagara's bylaws provide that nominations of individuals for election to the Board of Directors at an annual meeting of stockholders may be made by any stockholder of record of First Niagara entitled to vote at the annual meeting who properly submits timely notice in writing to the Secretary of the corporation. To be timely, the notice must be delivered to the Secretary of the corporation not less than 90 nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year; provided, however, that if (and only if) the annual meeting is not scheduled to be held within a period that commences 30 days before such anniversary date and ends 30 days after such anniversary date, the notice must be given by the later of the close of business on (i) the date 90 days prior to the date of such meeting or (ii) the tenth day following the date that the date of such meeting is first publicly announced or disclosed.

KeyCorp's regulations allow any shareholder entitled to vote in the election of directors to nominate persons for election to the KeyCorp Board of Directors, but only if written notice of a shareholder's intent to make a nomination is given to KeyCorp's Secretary not less than 60 nor more than 90 days prior to the meeting. However, if KeyCorp provides shareholders with less than 75 days' notice or public disclosure of the meeting date, then notice of a shareholder's nomination must be received no later than the close of business on the fifteenth day following the earlier of the day on which notice of the meeting was mailed or such public disclosure was made.

**Calling Special Meetings of Shareholders**

Under First Niagara's charter and bylaws, subject to the rights of the holders of any class or series of preferred stock, special meetings of stockholders may only be called by the

Under KeyCorp's regulations, a special meeting of shareholders may be called for any purpose by (i) the Chairperson of the Board of Directors, (ii) the

Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors.

President or, in the case of the President's absence, death or disability, the Vice President, (iii) the Board of Directors by action at a meeting or a majority of the Board of Directors acting without a meeting or (iv) by shareholders holding 25% of all shares outstanding and entitled to vote at the special meeting.

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Upon written request, notice of a special meeting shall be given to shareholders entitled to notice of such meeting and such meeting shall be held on a date not less than ten nor more than 60 days after the receipt of such request. If notice is not given within 30 days after the delivery or mailing of such request, the persons calling the meeting may fix the time of the meeting and give notice thereof in the manner provided by law or as provided in KeyCorp's amended and restated regulations, or cause such notice to be given by any designated representative.

**Shareholder Proposals**

First Niagara's bylaws provide that a proposal may be brought before an annual meeting by any stockholder of record who provides timely notice thereof in writing to the Secretary of First Niagara. To be timely, the notice must be delivered to the Secretary of First Niagara not less than 90 nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year; provided, however, that if (and only if) the annual meeting is not scheduled to be held within a period that commences 30 days before such anniversary date and ends 30 days after such anniversary date, the notice must be given by the later of the close of business on (i) the date 90 days prior to the date of such meeting or (ii) the tenth day following the date that the date of such meeting is first publicly announced or disclosed. The notice must contain the following information: (i) whether the stockholder is providing the notice at the request of a beneficial holder of shares, whether the stockholder, any such beneficial holder or any nominee has any agreement, arrangement or understanding with, or has received any financial assistance, funding or other consideration from, any other person with respect to the investment by the stockholder or such beneficial holder in First Niagara or the matter the notice relates to, and the details thereof, including the name of such other person (the stockholder, any beneficial holder on whose behalf the notice is being delivered, any nominees listed in the notice and any persons with whom such agreement, arrangement or understanding exists or from whom such assistance has been obtained are hereinafter collectively referred to as interested persons ), (ii) the name and address of all interested persons, (iii) a complete listing of the record and beneficial ownership positions (including number or

Under KeyCorp's regulations, at any annual meeting of shareholders, proposals by shareholders shall only be considered if advance notice has been timely given and such proposals are otherwise proper for consideration under applicable law and KeyCorp's articles. Written notice of the shareholder proposal addressed to KeyCorp's Secretary must be received at the principal executive offices not less than 60 nor more than 90 days prior to the meeting. However, if KeyCorp provides shareholders with less than 75 days' notice or public disclosure of the meeting, then notice of a shareholder's written proposal must be received no later than the close of business on the fifteenth day following the earlier of the day on which notice of the meeting was mailed or such public disclosure was made. Notice must be accompanied by the text of the proposal to be presented, a brief written statement of the reasons why the shareholder favors the proposal, the shareholder's name and address, number and class of shares of KeyCorp stock beneficially owned, and any material interest of such shareholder in the proposal.

No proposals by shareholders shall be considered at any special meeting of shareholders unless such special meeting was called for the purpose of considering such proposal. If under Rule 14a-8 of the Securities Exchange Act of 1934, KeyCorp is required to set forth a proposal of a shareholder in its proxy statement, the provisions of Rule 14a-8, to the extent applicable, shall

amount) of all equity securities and debt instruments, whether held in the form of loans or capital market instruments, of First Niagara or any of its subsidiaries held by all interested persons,

prevail over any conflicting provisions under KeyCorp's regulations.

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(iv) whether and the extent to which any hedging, derivative or other transaction is in place or has been entered into within the prior six months preceding the date of delivery of the notice by or for the benefit of any interested person with respect to First Niagara or its subsidiaries or any of their respective securities, debt instruments or credit ratings, the effect or intent of which transaction is to give rise to gain or loss as a result of changes in the trading price of such securities or debt instruments or changes in the credit ratings for First Niagara, its subsidiaries or any of their respective securities or debt instruments (or, more generally, changes in the perceived creditworthiness of First Niagara or its subsidiaries), or to increase or decrease the voting power of such interested person, and if so, a summary of the material terms thereof, and (v) a representation that the stockholder is a holder of record of stock of First Niagara that would be entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose the matter set forth in the notice. Any stockholder notice with respect to a matter other than the nomination of directors must contain (i) the text of the proposal to be presented, including the text of any resolutions to be proposed for consideration by stockholders and (ii) a brief written statement of the reasons why such stockholder favors the proposal.

**KeyCorp****Action by Written Consent**

First Niagara's charter provides that any action required or permitted to be taken by First Niagara's stockholders must be effected at a duly called annual or special meeting of the First Niagara stockholders and may not be effected by any consent in writing by such stockholders.

Under the OGCL, KeyCorp shareholders may take action, without a meeting, by the written unanimous consent of shareholders who would be entitled to notice of a shareholder meeting held for such purpose. Otherwise, shareholders are able to take action only at an annual or special meeting called in accordance with KeyCorp's regulations.

**Notice of Shareholder Meetings**

First Niagara's bylaws provide that written notice of the place, if any, date, and time of all meetings of the stockholders, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and in the case of a special meeting, the purpose or purposes

KeyCorp's regulations provide that KeyCorp must give written notice, either by personal delivery, mail, overnight delivery service, or any other means of communication authorized by the shareholder to whom the notice is given, not less than seven nor more than 60 days before any shareholders meeting, to each shareholder entitled to vote at such a meeting. The notice shall state the place, date and hour, the purposes of the meeting and the means, if any, other than by

for which the meeting is called, must be given, not less than 10 nor more than 60 days before the date on which the physical presence, by which shareholders can be present and vote at the meeting through the use of communications equipment.



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meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

**Quorum at Shareholders Meetings**

First Niagara's bylaws provide that the presence of holders of a majority of the outstanding shares of the stock entitled to vote on a matter at any meeting of the stockholders, present in person or represented by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter.

KeyCorp's regulations provide that the presence of holders of shares entitled to exercise a majority of the voting power of KeyCorp at the meeting in person, by proxy, or by the use of communications equipment shall constitute a quorum for the transaction of business at any meeting of the shareholders.

**Shareholder Rights Plan**

First Niagara has not adopted a stockholder rights plan.

KeyCorp has not adopted a shareholder rights plan.

**Anti-Takeover Provisions and Other Shareholder Protections**

First Niagara's charter provides that in no event shall any record owner of any outstanding common stock which is beneficially owned, directly or indirectly, by a person who, as of any record date for the determination of stockholders entitled to vote on any matter, beneficially owns in excess of 10% of the then-outstanding shares of common stock (the "limit"), be entitled, or permitted to any vote in respect of the shares held in excess of the limit, except that such restriction does not apply to any tax qualified employee stock benefit plan established by a vote of the majority of the entire Board of Directors, which shall be able to vote in respect to shares held in excess of the limit. First Niagara's charter further provides that the number of votes which may be cast by any record owner by virtue of the foregoing restriction in respect of common stock beneficially owned by such person owning shares in excess of the limit shall be a number equal to the total number of votes which a single record owner of all common stock owned by such person would be entitled to cast subject to the foregoing restriction, multiplied by a fraction, the numerator of which is the number of shares of such class or series which are both beneficially owned by such person and owned of record by such record owner and the denominator of which is the total

The OGCL prohibits any transaction, such as mergers, consolidations, combinations or majority share acquisitions between an Ohio corporation and an "interested shareholder", including an affiliate or associate of such interested shareholder (referred to as a "Chapter 1704 transaction"), for a period of three years from the date on which a shareholder first becomes an interested shareholder unless, prior to the interested shareholder's share acquisition, the directors of the corporation approved the transaction or approved the purchase of shares by the interested shareholder. An "interested shareholder" is defined generally as any person who, directly or indirectly, beneficially owns 10% or more of the outstanding voting stock of the corporation. After such three-year period, a Chapter 1704 transaction is prohibited unless certain fair price provisions are complied with, the directors of the corporation approved the purchase of shares which made the shareholder an interested shareholder, or the shareholders of the corporation approve the transaction by the affirmative vote of two-thirds of the voting power of the corporation or such other percentage set forth in KeyCorp's articles provided that a majority of

number of shares of common stock beneficially owned by      the disinterested shareholders approve the transaction.  
such person owning shares in excess of the limit.

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In addition, § 203 of the DGCL prohibits a Delaware corporation from engaging in a business combination (as defined under the DGCL) with a person owning 15% or more of the corporation's voting stock for three years following the time that a person becomes a 15% stockholder, with certain exceptions. First Niagara has not opted out of § 203 of the DGCL and is therefore governed by the default terms of this provision of the DGCL.

**KeyCorp**

KeyCorp's regulations provide that the affirmative vote of at least two-thirds of the Board of Directors shall be required for the approval or recommendation of a 1704 transaction, any transaction which results in the issuance or transfer by KeyCorp to any person or entity of voting stock of KeyCorp in an amount greater than 15% of the outstanding voting stock of KeyCorp before giving effect to the issuance or transfer and any transaction involving KeyCorp which has the effect, directly or indirectly, of increasing the proportionate share of the stock or securities of any class or series of KeyCorp which is owned by an interested shareholder.

Additionally, the OGCL generally prohibits transactions pursuant to which a person obtains one-fifth or more but less than one-third of all the voting power of a corporation, one-third or more but less than a majority of all of the voting power of a corporation, or a majority or more of all the voting power of a corporation (a control share acquisition), unless the shareholders approve the transaction at a special meeting, at which a quorum is present, by both the affirmative vote of a majority of the voting power of the corporation and by the affirmative vote of a majority of the voting power of the corporation excluding the voting power of interested shares. A corporation can provide in its articles of incorporation or regulations that the OGCL provisions will not apply to control share acquisitions of shares of such corporation. KeyCorp's articles provide that the OGCL provisions will not apply to control share acquisitions of shares of KeyCorp.

**Indemnification of Directors and Officers**

First Niagara's charter provides for the indemnification to the fullest extent authorized by the DGCL of each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding (hereinafter, a proceeding), by reason of the fact that he or she is or was a director or an officer of First Niagara or is or was serving at the request of First Niagara as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee

Under the OGCL, a corporation may indemnify directors and officers from liability, other than in an action by or in the right of the corporation, by reason of the fact that the person is or was a director or officer, if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, if such person had no reasonable cause to believe his or her conduct was unlawful. In the case of an action by or in the right of a

benefit plan (hereinafter an indemnitee ); provided, however, corporation, a person may not be indemnified (i) if the that, except as with respect to certain proceedings to enforce person seeking indemnification is found liable for rights to indemnification, First Niagara shall indemnify any negligence or misconduct in the performance of his such indemnitee in connection with a proceeding (or part duty to the corporation, unless the court in which such action was brought determines

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thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors.

§102(b)(7) of the DGCL prohibits an exemption or limitation of a director's liability in cases involving a director's breach of the duty of loyalty, acts or omissions not in good faith, intentional misconduct, knowing violations of law, improper personal benefits, or improper dividends or distributions.

**KeyCorp**

such person is fairly and reasonably entitled to indemnification or (ii) if liability asserted against such person concerns certain unlawful distributions. The indemnification provisions of the OGCL require indemnification of a director who has been successful on the merits or otherwise in defense of any action that he was a party to by reason of the fact that he is or was a director of the corporation. The indemnification authorized by the OGCL is not exclusive and is in addition to any other rights granted to directors under the articles of incorporation or regulations of the corporation or to any agreement between the directors and the corporation.

Under KeyCorp's regulations, KeyCorp shall indemnify, to the fullest extent permitted by the OGCL, directors, officers, and employees from liability by reason of the fact that he or she is or was a director, officer, or employee of KeyCorp, or is or was serving at the request of KeyCorp as a director, trustee, officer, or employee of a bank, other corporation, partnership, joint venture, trust, or other enterprise. In the case of a merger into KeyCorp of a constituent corporation which, if its separate existence had continued, would have been required to indemnify directors, officers, or employees in specified situations prior to the merger, any person who served as a director, officer, or employee of the constituent corporation, or served at the request of the constituent corporation as a director, trustee, officer, or employee of a bank, other corporation, partnership, joint venture, trust, or other enterprise, shall be entitled to indemnification by KeyCorp (as the surviving entity) for acts, omissions, or other events or occurrences prior to the merger to the same extent he or she would have been entitled to indemnification by the constituent corporation if its separate existence had continued.

**Amendments to Articles/Certificate of Incorporation and Bylaws**

Under § 242 of Delaware law, a corporation's charter may be amended only if the proposed amendment is approved by the Board of Directors and, unless the amendment adversely affects a class of non-voting shares, the holders of a

KeyCorp's articles may be amended by the affirmative vote of a majority of the voting power of KeyCorp.

majority of the outstanding stock entitled to vote.

In addition, First Niagara's charter provides that certain amendments to the charter, including those related to Article FOURTH, Section C (regarding the voting rights of beneficial owners of greater than 10% of the outstanding shares of First Niagara common stock), Article FIFTH, Section C (prohibiting stockholder

KeyCorp's regulations may only be amended (i) at a meeting of shareholders, by the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of KeyCorp on such proposal, or (ii) without a meeting, by the written consent of the holders of shares entitling them to exercise 100% of the voting power of KeyCorp on such proposal.

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action by written consent), Article FIFTH, Section D (regarding authority to call special meetings of the stockholders), Article SIXTH (regarding the election, removal and number of directors), Article SEVENTH (permitting the Board of Directors to adopt, amend or repeal First Niagara's bylaws), Article NINTH (regarding indemnification) and Article ELEVENTH (regarding amendment of the charter), must be approved by the affirmative vote of the holders of at least 80% of the voting power of all of the outstanding shares of First Niagara capital stock entitled to vote generally in the election of directors, voting together as a single class.

Under the terms of First Niagara's charter and bylaws, First Niagara's bylaws may be amended upon the vote of two-thirds of the entire Board of Directors. The stockholders also have the power to adopt, amend or repeal the bylaws; provided, however, that, in addition to any vote of the holders of any class or series of stock required by law or by the charter, the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of First Niagara capital stock entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provisions of the bylaws.

**Appraisal Rights**

Under the DGCL, First Niagara stockholders are entitled to exercise certain appraisal rights in the event of a merger or consolidation in which First Niagara is a constituent, if such a transaction meets the requirements outlined below.

Appraisal rights are not available to First Niagara stockholders if (a) at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation, First Niagara common stock was listed on a national securities exchange or held of record by more than 2,000 holders, or (b) First Niagara was the surviving corporation in the merger or consolidation, and the merger or consolidation did not require stockholder approval.

Under the OGCL, dissenting shareholders of an Ohio corporation being merged into or consolidated with another corporation are entitled to appraisal rights, which is the right to dissent from certain corporate actions and demand payment of the fair value of their shares. In some circumstances, shareholders of an acquiring corporation are also entitled to appraisal rights in connection with a merger, combination or majority share acquisition in which those shareholders are entitled to voting rights. The OGCL provides shareholders of an acquiring corporation with voting rights if the acquisition involves the transfer of shares of the acquiring corporation entitling the recipients of those shares to exercise one-sixth or more of the voting power of the acquiring corporation after the consummation of the transaction. However, appraisal

Notwithstanding the foregoing, appraisal rights are available to First Niagara stockholders if (a) in the merger or consolidation, First Niagara stockholders are required to accept consideration other than (i) shares of stock in the surviving corporation, (ii) shares of stock in a corporation that are listed on a national securities

rights are not available to shareholders of an acquiring corporation if the shares entitling those shareholders to vote are listed on an exchange both as of the day immediately preceding the date of the special meeting to approve the agreement of merger and immediately following the effective time of the merger.



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exchange or are held of record by more than 2,000 holders, (iii) cash in lieu of fractional shares or (iv) any combination of the foregoing; or (b) the surviving corporation in the merger or consolidation will be a public benefit corporation and First Niagara stockholders will become stockholders of that corporation.

**KeyCorp**

KeyCorp's shareholders do not have any appraisal rights in connection with the merger.

The DGCL also outlines the procedures that stockholders must follow to exercise their appraisal rights. See *Appraisal Rights* beginning on page 140.

**Table of Contents****DESCRIPTION OF KEYCORP CAPITAL STOCK**

*As a result of the merger, First Niagara common stockholders who receive KeyCorp common shares in the merger will become KeyCorp shareholders. Your rights as KeyCorp shareholders will be governed by Ohio law and KeyCorp's articles and regulations. The following description of the material terms of KeyCorp's capital stock, including the common shares and preferred stock to be issued in the merger, reflects the anticipated state of affairs upon completion of the merger. We urge you to read the applicable provisions of Ohio law, KeyCorp's articles and regulations and federal law governing bank holding companies carefully and in their entirety because they describe your rights as a holder of KeyCorp's common shares and preferred stock.*

**General**

KeyCorp's authorized capital stock consists of 1,400,000,000 common shares, par value \$1.00 per share and 25,000,000 preferred shares, par value \$1.00 per share. As of the KeyCorp record date, there were [ ] KeyCorp common shares outstanding and [ ] shares of KeyCorp preferred stock outstanding.

As of the KeyCorp record date, [ ] KeyCorp common shares were reserved for issuance upon conversion or exercise or settlement of outstanding stock options, restricted stock awards and restricted stock unit awards.

Because KeyCorp is a holding company, the rights of KeyCorp to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise (and thus the ability of KeyCorp shareholders to benefit indirectly from such distribution) would be subject to the prior claims of creditors of that subsidiary, except to the extent that KeyCorp itself may be a creditor of that subsidiary with recognized claims. Claims on KeyCorp's subsidiaries by creditors other than KeyCorp will include substantial obligations with respect to deposit liabilities and purchased funds. As a result, shares of KeyCorp's capital stock are effectively subordinated to all existing and future liabilities and obligations of its subsidiary, KeyBank. At [ ], 2015, KeyBank's total deposits and borrowings were approximately \$[ ]. In addition, federal banking law limits the amount of capital distributions that a bank can make to its holding company without prior regulatory approval.

**Preferred Stock**

KeyCorp's Board of Directors is authorized to cause shares of preferred stock to be issued in one or more series and with respect to each such series fix (a) the designation of the series, (b) the authorized number of shares of the series, which the board (except as otherwise provided in the creation of the series) may increase or decrease, (c) the dividend rate or rates (which may be fixed or adjustable) of the shares of the series, (d) the dates on which dividends, if declared, will be payable, (e) redemption rights, if any, for the shares of the series (f) the amount, terms, conditions and manner of operation of any retirement or sinking fund to be provided for the purchase or redemption of shares of the series, (g) the amounts payable on the shares of the series in any liquidation, dissolution or winding up of the affairs of KeyCorp, (h) whether the shares of the series will be convertible into another class of preferred stock or into common shares and (i) the restrictions, if any, upon the issue of any additional shares of the same series.

*Fixed-to-Floating Rate Perpetual Noncumulative Preferred Stock, Series C.* Pursuant to the merger agreement and in connection with the transactions contemplated thereby, KeyCorp will file with the Secretary of State of the State of Ohio the amended articles designating the new KeyCorp preferred stock. The new KeyCorp preferred stock will not be convertible into, or exchangeable for, shares of any other class or series of KeyCorp's shares or other securities and will not be subject to any sinking fund or other obligation to redeem or repurchase. The new KeyCorp preferred stock represents non-withdrawable capital, will not be an account of an insurable type, and will not be insured or guaranteed by the FDIC or any other governmental agency or instrumentality.

The new KeyCorp preferred stock will rank, as to the payment of dividends and/or distribution of assets upon KeyCorp's liquidation, dissolution or wind-up, senior to KeyCorp's common shares and either junior, senior or equal to any other class or series of shares issued by KeyCorp that are designated as junior, senior or equal to the new KeyCorp preferred stock.

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Holders of the new KeyCorp preferred stock will be entitled to receive, when, as and if declared by KeyCorp's Board of Directors out of funds legally available therefor, non-cumulative cash dividends on the liquidation preference amount of \$25 per share at (i) from and including the date of original issuance to but excluding February 15, 2017, a rate of 8.625% per annum, and (ii) from and including February 15, 2017, a floating rate equal to three-month LIBOR plus a spread of 7.327% per annum. Dividends on the new KeyCorp preferred stock will be payable quarterly in arrears on the 15th of each February, May, August and November, with respect to the quarterly dividend period (or portion thereof) ending on the day preceding such respective dividend payment date.

The new KeyCorp preferred stock will not be subject to any mandatory redemption, sinking fund, or other similar provisions. The holders of the new KeyCorp preferred stock will not have the right to require the redemption or repurchase of the new KeyCorp preferred stock.

KeyCorp may redeem shares of the new KeyCorp preferred stock on any dividend payment date on or after February 15, 2017, in whole or in part, from time to time, at a redemption price equal to \$25 per share, plus any declared and unpaid dividends on the shares of the new KeyCorp preferred stock called for redemption. Dividends will cease to accrue on those shares on and after the redemption date. Redemption of the new KeyCorp preferred stock is subject to KeyCorp's receipt of any required prior approvals from the Federal Reserve and to the satisfaction of any conditions set forth in the capital guidelines of the Federal Reserve applicable to the redemption of the new KeyCorp preferred stock.

In the event KeyCorp liquidates, dissolves or winds up its business and affairs, either voluntarily or involuntarily, holders of the new KeyCorp preferred stock will be entitled to receive liquidating distributions of \$25 per share, plus any declared and unpaid dividends, before KeyCorp makes any distribution of assets to the holders of its common shares or any other class or series of shares ranking junior to the new KeyCorp preferred stock with respect to the distribution of assets. If the assets of KeyCorp are not sufficient to pay in full all amounts payable, including declared but unpaid dividends, with respect to the new KeyCorp preferred stock and any stock having the same rank as the new KeyCorp preferred stock with respect to the distribution of assets, the holders of the new KeyCorp preferred stock and that other stock will share in any distribution of assets in proportion to the respective aggregate liquidation preferences to which they are entitled. After the holders of the new KeyCorp preferred stock and any stock having the same rank as the new KeyCorp preferred stock are paid in full, they will have no right or claim to any of KeyCorp's remaining assets.

Holders of the new KeyCorp preferred stock will have no voting rights except in limited circumstances, including (i) with respect to the election of two directors, whose seats are automatically added to the then-current Board of Directors of KeyCorp, in certain circumstances where dividends have not been paid for six quarterly dividend periods or more, (ii) with respect to amendments to KeyCorp's articles or regulations that would, assuming the articles amendment proposal is approved by KeyCorp's shareholders, adversely affect the voting powers, rights or preferences of the holders of the new KeyCorp preferred stock, (iii) the authorization, creation or increase in the authorized number of, any shares of any class ranking senior to the new KeyCorp preferred stock or the purchase or redemption of less than all of the outstanding shares of KeyCorp's preferred stock (including the new KeyCorp preferred stock) and (iv) assuming the articles amendment proposal is approved by KeyCorp's shareholders, in the event of any combination, majority share acquisition (each as defined by Ohio law), merger or consolidation of KeyCorp with another entity unless, in each case, (A) the shares of new KeyCorp preferred stock remain outstanding or are converted into preference securities of the surviving or resulting corporation or a corporation controlling such corporation (in each case, which is an entity organized in the United States) and (B) the new KeyCorp preferred stock remaining outstanding or such new preference securities, as the case may be, have voting powers, rights, privileges and preferences that are not materially less favorable to the holders thereof than the voting powers, rights, privileges and preferences of the new KeyCorp preferred stock.



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**Common Shares**

The holders of KeyCorp's common shares are entitled to share equally, share for share, in dividends declared, if any, by KeyCorp's Board of Directors. The payment of dividends on KeyCorp's common shares is subject to the prior payment of dividends on its preferred stock.

Subject to the rights, if any, of the holders of any series of KeyCorp's preferred stock, holders of KeyCorp's common shares have exclusive voting rights and are entitled to one vote for each common share on all matters voted upon by the shareholders. Holders of KeyCorp's common shares do not have the right to cumulate their voting power.

Holders of KeyCorp's common shares are not entitled to preemptive or preferential rights. KeyCorp's common shares have no redemption or sinking fund provisions applicable thereto. KeyCorp's common shares do not have any conversion rights and the rights of holders thereof will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future.

KeyCorp may issue authorized but unissued common shares in connection with several employee benefit and stock option and incentive plans maintained by KeyCorp or its subsidiaries.

KeyCorp's outstanding common shares are fully paid and non-assessable and future issuances of common shares, when fully paid for, will be non-assessable. However, the OGCL provides that a shareholder who knowingly receives any dividend, distribution, or payment made contrary to law or the articles of KeyCorp will be liable to KeyCorp for the amount received by such shareholder that is in excess of the amount that could have been paid or distributed without violation of law or the articles.

In the event of KeyCorp's voluntary or involuntary liquidation, dissolution, or winding up, the holders of KeyCorp's common shares are entitled to receive, on a share for share basis, any of its assets or funds available for distribution after KeyCorp has paid in full all of its debts and distributions and the full liquidation preferences of all series of its outstanding preferred stock.

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**EXPERTS**

The consolidated financial statements of KeyCorp included in KeyCorp's Annual Report (Form 10-K) for the year ended December 31, 2014, and the effectiveness of KeyCorp's internal control over financial reporting as of December 31, 2014 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated by reference in this joint proxy statement/prospectus. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited combined condensed consolidated interim financial information of KeyCorp for the three-month periods ended March 31, 2015, June 30, 2015, and September 30, 2015, incorporated by reference in this joint proxy statement/prospectus, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. Moreover, their separate reports dated May 5, 2015, included in KeyCorp's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, August 3, 2015, included in KeyCorp's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, and November 2, 2015, included in KeyCorp's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, and incorporated by reference herein, state that they did not audit and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act for their reports on the unaudited interim financial information because those reports are not a report or a part of the registration statement, of which this joint proxy statement/prospectus is a part, prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act.

The consolidated statements of condition of First Niagara and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive (loss) income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2014, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2014 have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The audit report of the effectiveness of internal control over financial reporting as of December 31, 2014, expresses an opinion that First Niagara did not maintain effective internal control over financial reporting as of December 31, 2014 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states, "A material weakness related to the Company's allowance for loan losses process has been identified and included in management's assessment."

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**LEGAL OPINIONS**

Simpson Thacher & Bartlett LLP and Sullivan & Cromwell LLP will deliver, prior to the effective time of the merger, their opinions to KeyCorp and First Niagara, respectively, as to certain United States federal income tax consequences of the merger. See *Material United States Federal Income Tax Consequences of the Merger* beginning on page 110.

The legality of KeyCorp common shares and the new KeyCorp preferred stock offered by this joint proxy statement/prospectus will be passed upon for KeyCorp by Paul N. Harris, Secretary and General Counsel of KeyCorp.



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**HOUSEHOLDING OF PROXY MATERIALS**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement or annual report, as applicable, addressed to those shareholders. As permitted by the Exchange Act, only one copy of this joint proxy statement/prospectus is being delivered to shareholders residing at the same address, unless such shareholders have notified the company whose shares they hold of their desire to receive multiple copies of the joint proxy statement/prospectus. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies.

If you are a KeyCorp shareholder, KeyCorp will promptly deliver a separate copy of this joint proxy statement/prospectus to you if you direct your request to KeyCorp Investor Relations at (216) 689-4221. If you want to receive separate copies of a KeyCorp proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, brokerage firm or other nominee, or you may contact KeyCorp at the above address and telephone number.

If you are a First Niagara stockholder, First Niagara will promptly deliver a separate copy of this joint proxy statement/prospectus to you if you direct your request to First Niagara Investor Relations at (716) 819-5669. If you want to receive separate copies of a First Niagara proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, brokerage firm or other nominee, or you may contact First Niagara at the above address and telephone number.

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**OTHER MATTERS**

As of the date of this joint proxy statement/prospectus, neither KeyCorp's nor First Niagara's Board of Directors knows of any matters that will be presented for consideration at their respective special meetings other than as described in this joint proxy statement/prospectus. If any other matters properly come before the KeyCorp special meeting or the First Niagara special meeting, or any adjournment or postponement thereof, and are voted upon, the enclosed proxy will be deemed to confer discretionary authority on the individuals that it names as proxies to vote the shares represented by the proxy as to any of these matters.

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**FIRST NIAGARA ANNUAL MEETING STOCKHOLDER PROPOSALS**

First Niagara does not anticipate holding a 2016 annual meeting of stockholders if the merger is completed during the third quarter of 2016, as currently expected. In the event that the merger is not completed in 2016, or at all, First Niagara may hold a 2016 annual meeting. Any stockholder nominations or proposals for other business intended to be presented at First Niagara's next annual meeting must be submitted to First Niagara as set forth below.

In order to be eligible for inclusion in First Niagara's proxy statement and proxy card relating to its 2016 annual meeting of stockholders, if such meeting is held, any stockholder proposal to take action at such meeting must be received at First Niagara's executive offices located at 726 Exchange Street, Suite 618, Buffalo, New York 14210, Attention: Corporate Secretary, no later than January 30, 2016, except if First Niagara's 2016 annual meeting of stockholders, if any, is held more than 30 days after the anniversary of the 2015 annual meeting, such stockholder proposals must be received by the later of (i) 90 days prior to the 2016 annual meeting date and (ii) the tenth day following the public announcement or disclosure of the 2016 annual meeting date. Proposals must comply with the applicable rules and regulations of the SEC and applicable provisions of the First Niagara bylaws.

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**KEYCORP ANNUAL MEETING SHAREHOLDER PROPOSALS**

The deadline for shareholders to submit proposals under the provisions of Rule 14a-8 of the Exchange Act for inclusion in the proxy statement for KeyCorp's 2016 annual meeting is December 10, 2015.

KeyCorp's regulations set an advance notice procedure for director nominations and for proposals a shareholder wishes to present directly at an annual meeting (rather than submitting for inclusion in KeyCorp's proxy statement under Rule 14a-8). Shareholder proposals submitted outside of Rule 14a-8 for KeyCorp's 2016 annual meeting must be received by the Secretary of KeyCorp no less than 60 and no more than 90 days before the meeting. Article I, Section 8 of KeyCorp's regulations specifies the information and statements that must be included in any shareholder proposal. The KeyCorp proxy relating to KeyCorp's 2016 annual meeting will give the proxy holders the discretion to vote or not vote on proposals submitted outside the Rule 14a-8 process that do not comply with the requirements in KeyCorp's regulations.

Shareholders who wish to nominate a person for election as a director of KeyCorp at an annual meeting must strictly comply with the requirements of Article II, Section 2(b) of KeyCorp's regulations, including providing notice to the Secretary of KeyCorp not less than 60 nor more than 90 days prior to the meeting. Article II, Section 2(b) of KeyCorp's regulations specifies the information and statements that must be included in any shareholder recommendation.

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**APPRAISAL RIGHTS**

Holders of shares of First Niagara common stock who meet certain requirements are entitled to seek appraisal rights.

Under Section 262 of the DGCL, holders of shares of First Niagara common stock who do not vote in favor of the adoption of the merger agreement and who otherwise follow the procedures set forth in Section 262 of the DGCL (which we refer to as Section 262 ) will be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, determined as described below.

**Failure to follow precisely any of the statutory requirements could result in the loss of your appraisal rights.**

The following discussion is not a complete statement of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262, which is attached to this joint proxy statement/prospectus as Appendix F. The following summary does not constitute any legal or other advice nor does it constitute a recommendation that First Niagara stockholders exercise their appraisal rights under Section 262. Only a holder of record of shares of First Niagara common stock is entitled to demand appraisal of the shares registered in that holder's name. A person having a beneficial interest in shares of common stock of First Niagara held of record in the name of another person, such as a broker, fiduciary, depositary or other nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect appraisal rights. **If you hold your shares of First Niagara common stock through a broker, bank or other nominee and you wish to exercise appraisal rights, you should consult with your broker, bank or other nominee to determine the appropriate procedures for the making of a demand for appraisal by the nominee.**

Under Section 262, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders as of the record date that appraisal rights are available and include in the notice a copy of Section 262. This joint proxy statement/prospectus shall constitute such notice, and the full text of Section 262 is attached to this proxy statement as Appendix F. In connection with the merger, any holder of shares of First Niagara common stock who wishes to exercise appraisal rights, or who wishes to preserve such holder's right to do so, should review the following discussion and Appendix F carefully because failure to timely and properly comply with the procedures specified may result in the loss of appraisal rights. In addition, because of the complexity of the procedures for exercising the right to seek appraisal of shares of common stock, First Niagara believes that if a stockholder considers exercising such rights such stockholder should consider seeking legal and financial advice.

*Filing Written Demand*

Any holder of shares of First Niagara common stock wishing to exercise appraisal rights must deliver to First Niagara, before the vote on the adoption of the merger agreement at the First Niagara special meeting, a written demand for the appraisal of the stockholder's shares, and that stockholder must not vote in favor of the adoption of the merger agreement. A holder of shares of First Niagara common stock wishing to exercise appraisal rights must hold the shares of record on the date the written demand for appraisal is made and must continue to hold the shares of record through the effective time of the merger. A proxy that is submitted and does not contain voting instructions will, unless revoked, be voted in favor of the adoption of the merger agreement, and it will constitute a waiver of the stockholder's right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must submit a proxy containing instructions to vote against the adoption of the merger agreement or abstain from voting on the adoption of the merger agreement. Voting against the adoption of the merger agreement or abstaining from



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voting or failing to vote on the proposal to adopt the merger agreement will not by itself constitute a written demand for appraisal satisfying the requirements of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote on the adoption of the merger agreement. The demand must reasonably inform First Niagara of the identity of the holder, as well as the intention of the holder to demand an appraisal of the fair value of the shares held by the holder. A stockholder's failure to deliver the written demand prior to the taking of the vote on the adoption of the merger agreement at the First Niagara special meeting will constitute a waiver of appraisal rights.

Only a holder of record of shares of First Niagara common stock is entitled to demand appraisal rights for the shares registered in that holder's name. A demand for appraisal in respect of shares of First Niagara common stock should be executed by or on behalf of the holder of record. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand should be made in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy and tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners. Stockholders who hold their shares in bank, brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their bank, brokers or other nominee to determine the appropriate procedures for the making of a demand for appraisal by such nominee.

All written demands for appraisal pursuant to Section 262 should be delivered to the Corporate Secretary of First Niagara at First Niagara Financial Group, Inc., 726 Exchange Street, Suite 618, Buffalo, NY 14210.

Any holder of shares of First Niagara common stock who has not commenced an appraisal proceeding or joined such proceeding as a named party may withdraw his, her or its demand for appraisal and accept the consideration offered pursuant to the merger agreement by delivering to the surviving corporation of the merger a written withdrawal of the demand for appraisal and an acceptance of the merger; however, any such attempt to withdraw the demand made more than 60 days after the effective date of the merger will require written approval of the surviving corporation of the merger. No appraisal proceeding in the Delaware Court of Chancery will be dismissed without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just; provided, that this restriction will not affect the right of any former First Niagara stockholder who has not commenced an appraisal proceeding or joined such proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the merger consideration within 60 days after the effective date of the merger.

*Notice by the Surviving Corporation*

If the merger is completed, within ten days after the effective time of the merger, the surviving corporation of the merger will notify each holder of shares of First Niagara common stock who has made a written demand for appraisal pursuant to Section 262, and who has not voted in favor of the adoption of the merger agreement, that the merger has become effective and the effective date thereof.

*Filing a Petition for Appraisal*

Within 120 days after the effective time of the merger, but not thereafter, the surviving corporation of the merger or any holder of shares of First Niagara common stock who has so complied with Section 262 and is entitled to appraisal rights under Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all holders who have properly demanded appraisal of their shares. The surviving corporation of the merger is under no obligation to and KeyCorp, which will be the surviving corporation of the

merger, has no present intention to file a petition, and holders of First Niagara common stock should assume that the surviving corporation will not file a petition or initiate any negotiations



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with respect to the fair value of shares of First Niagara common stock. Accordingly, any holders of shares of First Niagara common stock who desire to have their shares appraised should initiate all necessary action to perfect their appraisal rights in respect of shares of First Niagara common stock within the time prescribed in Section 262.

Within 120 days after the effective time of the merger, any holder of shares of First Niagara common stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation of the merger a statement setting forth the aggregate number of shares of First Niagara common stock not voted in favor of the adoption of the merger and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed to the stockholder within ten days after a written request therefor has been received by the surviving corporation of the merger or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later. A beneficial owner of shares held either in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition seeking appraisal or request the foregoing statement. As noted above, however, the demand for appraisal can only be made by a stockholder of record.

If a petition for an appraisal is timely filed by a holder of shares of First Niagara common stock and a copy thereof is served upon the surviving corporation of the merger, the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the stockholders who demanded appraisal of their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceeding, and if any stockholder fails to comply with the direction, the Delaware Court of Chancery may dismiss the proceedings as to such stockholder.

### *Judicial Determination of Fair Value*

After determining the holders of shares of First Niagara common stock entitled to appraisal, the Delaware Court of Chancery will appraise the fair value of their shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining fair value, the Delaware Court of Chancery will take into account all relevant factors.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their shares. **Although the parties to the merger agreement believe that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery, and First Niagara stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the value of the merger consideration.** You should be aware that an investment banking opinion as to the fairness, from a financial point of view, of the consideration payable in a sale transaction, such as the merger, is not an opinion as to, and does not otherwise address, fair value under Section 262. Neither First Niagara nor KeyCorp anticipate offering more than the merger consideration to any First Niagara stockholder exercising appraisal rights, and each of First Niagara and KeyCorp reserves the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of First Niagara common stock is less than the value of the merger consideration, and that the methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered in the appraisal proceedings. If a petition for appraisal is not timely filed, then the right to an appraisal will cease. The costs of the action (which do not include attorneys' fees or the fees and expenses of experts) may be determined by the

Delaware Court of Chancery and taxed upon

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the parties as the Delaware Court of Chancery deems equitable under the circumstances. The Delaware Court of Chancery may also order that all or a portion of the expenses incurred by a stockholder in connection with an appraisal, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all the shares entitled to be appraised.

Unless the court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period from the effective date of the merger and the date of payment of the judgment.

If any stockholder who demands appraisal of shares of First Niagara common stock under Section 262 fails to perfect, or successfully withdraws or loses, such holder's right to appraisal, the stockholder's shares of First Niagara common stock will be deemed to have been converted at the effective time of the merger into the right to receive the merger consideration applicable to such shares. A stockholder will fail to perfect, or lose or withdraw, the holder's right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger or if the stockholder delivers to the surviving corporation of the merger a written withdrawal of the holder's demand for appraisal and an acceptance of the merger consideration in accordance with Section 262.

From and after the effective time of the merger, no dissenting stockholder shall have any rights of a stockholder of First Niagara with respect to that holder's shares for any purpose, except to receive payment of fair value and to receive payment of dividends or other distributions on the holder's shares of First Niagara common stock, if any, payable to First Niagara stockholders of record as of a time prior to the effective time of the merger; provided, however, that if a dissenting stockholder delivers to the surviving corporation of the merger a written withdrawal of the demand for an appraisal within 60 days after the effective time of the merger and acceptance of the merger, or subsequently with the written approval of the surviving corporation of the merger, then the right of that dissenting stockholder to an appraisal will cease and the dissenting stockholder will be entitled to receive the merger consideration in accordance with the terms of the merger agreement. Once a petition for appraisal is filed with the Delaware Court of Chancery, however, the appraisal proceeding may not be dismissed as to any former First Niagara stockholder without the approval of the court, and such approval may be conditioned upon such terms as the court deems just; provided, that such restriction shall not affect the right of any former First Niagara stockholder who has not commenced an appraisal proceeding or joined the proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the merger consideration within 60 days after the effective time of the merger.

**Failure to comply strictly with all of the procedures set forth in Section 262 may result in the loss of a stockholder's statutory appraisal rights. Consequently, any First Niagara stockholder wishing to exercise appraisal rights is urged to consult legal and financial advisors before attempting to exercise those rights**

Holders of KeyCorp common shares are not entitled to appraisal rights in connection with the merger under Ohio law.

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**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows KeyCorp and First Niagara to incorporate certain information into this joint proxy statement/prospectus by reference to other information that has been filed with the SEC. The information incorporated by reference is deemed to be part of this joint proxy statement/prospectus, except for any information that is superseded by information in this joint proxy statement/prospectus. The documents that are incorporated by reference contain important information about the companies and you should read this joint proxy statement/prospectus together with any other documents incorporated by reference in this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference the following documents that have previously been filed with the SEC by KeyCorp (File No. 001-11302), other than information furnished pursuant to Item 2.02 or Item 7.01 on a Current Report on Form 8-K:

Annual Report on Form 10-K for the year ended December 31, 2014;

Proxy Statement on Schedule 14A for the 2015 annual meeting of shareholders filed on April 7, 2015;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015; and

Current Reports on Form 8-K filed March 11, 2015, March 30, 2015, May 22, 2015, September 8, 2015, September 15, 2015, October 30, 2015 and November 2, 2015 (other than the portions of those documents not deemed to be filed).

This joint proxy statement/prospectus also incorporates by reference the following documents that have previously been filed with the SEC by First Niagara (File No. 001-35390), other than information furnished pursuant to Item 2.02 or Item 7.01 on a Current Report on Form 8-K:

Annual Report on Form 10-K for the year ended December 31, 2014;

Proxy Statement on Schedule 14A for the 2015 annual meeting of stockholders filed on March 23, 2015;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015; and

Current Reports on Form 8-K filed April 29, 2015, October 30, 2015 and November 2, 2015 (other than the portions of those documents not deemed to be filed).

In addition, KeyCorp and First Niagara are incorporating by reference any documents they may file under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/prospectus and prior

to the date of the respective special meetings of the KeyCorp shareholders and the First Niagara stockholders, provided, however, that KeyCorp and First Niagara are not incorporating by reference any information furnished (but not filed), except as otherwise specified herein.

Both KeyCorp and First Niagara file annual, quarterly and special reports, proxy statements and other business and financial information with the SEC. You may obtain the information incorporated by reference and any other materials First Niagara or KeyCorp file with the SEC without charge by following the instructions in the section entitled *Where You Can Find More Information* in the forepart of this joint proxy statement/prospectus.

**Neither KeyCorp nor First Niagara has authorized anyone to give any information or make any representation about the merger or its companies that is different from, or in addition to, that contained in this joint proxy statement/prospectus or in any of the materials that have been incorporated into this joint proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint proxy statement/prospectus or the solicitation of proxies is**

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**unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy statement/prospectus does not extend to you. The information contained in this joint proxy statement/prospectus speaks only as of the date of this joint proxy statement/prospectus unless the information specifically indicates that another date applies.**

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**Appendix A**

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and between

KEYCORP

and

FIRST NIAGARA FINANCIAL GROUP, INC.

Dated as of October 30, 2015

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**AGREEMENT AND PLAN OF MERGER**

AGREEMENT AND PLAN OF MERGER, dated as of October 30, 2015 (this Agreement ), by and between KeyCorp, an Ohio corporation (Parent ) and First Niagara Financial Group, Inc., a Delaware corporation (the Company ).

**WITNESSETH:**

WHEREAS, the Boards of Directors of Parent and the Company have determined that it is in the best interests of their respective companies, their stockholders, employees and communities to consummate the strategic business combination transaction provided for herein, pursuant to which the Company will, subject to the terms and conditions set forth herein, merge with and into Parent (the Merger ), so that Parent is the surviving corporation (hereinafter sometimes referred to in such capacity as the Surviving Corporation ) in the Merger; and

WHEREAS, for Federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 (the Code ), and this Agreement is intended to be and is adopted as a plan of reorganization for purposes of Sections 354 and 361 of the Code; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

**ARTICLE I**

**THE MERGER**

1.1 The Merger. Subject to the terms and conditions of this Agreement, in accordance with the Ohio General Corporation Law (the OGCL ) and the Delaware General Corporation Law (the DGCL ), at the Effective Time, the Company shall merge with and into Parent. Parent shall be the Surviving Corporation in the Merger, and shall continue its corporate existence under the laws of the State of Ohio. Upon consummation of the Merger, the separate corporate existence of the Company shall terminate.

1.2 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the Closing ) will take place at 10:00 a.m., New York City time, at the offices of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York, on a date which shall be no later than three (3) business days after the satisfaction or waiver (subject to applicable law) of the latest to occur of the conditions set forth in Article VII hereof (other than those conditions that by their nature can only be satisfied at the Closing, but subject to the satisfaction or waiver thereof), unless another date, time or place is agreed to in writing by Parent and the Company. The date on which the Closing occurs is referred to in this Agreement as the Closing Date.

1.3 Effective Time. Subject to the terms and conditions of this Agreement, on or before the Closing Date, Parent and the Company shall cause to be filed certificates of merger with the Secretary

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of State of the State of Ohio (the Ohio Secretary ) and the Secretary of State of the State of Delaware (the Delaware Secretary ) (collectively, the Certificates of Merger ). The Merger shall become effective as of the date and time specified in the Certificates of Merger (such date and time, the Effective Time ).

1.4 Effects of the Merger. At and after the Effective Time, the Merger shall have the effects set forth in the applicable provisions of the OGCL and the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, all the property, rights, privileges, powers and franchises of the Company shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company shall become the debts, liabilities and duties of the Surviving Corporation.

1.5 Conversion of Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, the Company or the holder of any of the following securities:

(a) Subject to Section 2.2(e), each share of the common stock, par value \$0.01 per share, of the Company issued and outstanding immediately prior to the Effective Time (the Company Common Stock ), except for shares of Company Common Stock owned by the Company as treasury stock or otherwise owned by the Company or Parent (in each case other than shares of Company Common Stock (i) held in any Company Benefit Plans or related trust accounts, managed accounts, mutual funds and the like, or otherwise held in a fiduciary or agency capacity and (ii) shares held, directly or indirectly, in respect of debts previously contracted (collectively, the Exception Shares )) shall be converted, in accordance with the procedures set forth in this Agreement, into the right to receive, without interest, (i) 0.680 shares (the Exchange Ratio ) of the common stock, par value \$1.00 per share, of Parent (the Parent Common Stock ) and (ii) \$2.30 in cash (the Per Share Cash Consideration ) (the consideration described in clauses (i) and (ii), the Merger Consideration ).

(b) All the shares of Company Common Stock converted into the right to receive the Merger Consideration pursuant to this Article I shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each, an Old Certificate , it being understood that any reference herein to Old Certificate shall be deemed to include reference to book-entry account statements relating to the ownership of shares of Company Common Stock) previously representing any such shares of Company Common Stock shall thereafter represent only the right to receive (i) the Merger Consideration, (ii) cash in lieu of fractional shares which the shares of Company Common Stock represented by such Old Certificate have been converted into the right to receive pursuant to this Section 1.5 and Section 2.2(e), without any interest thereon and (iii) any dividends or distributions which the holder thereof has the right to receive pursuant to Section 2.2. Old Certificates previously representing shares of Company Common Stock shall be exchanged for certificates or, at Parent's option, evidence of shares in book entry form (collectively referred to herein as New Certificates ), representing whole shares of Parent Common Stock and cash as set forth in Section 1.5(a) (together with any dividends or distributions with respect thereto and cash in lieu of fractional shares issued in consideration therefor) upon the surrender of such Old Certificates in accordance with Section 2.2, without any interest thereon. If, prior to the Effective Time, the outstanding shares of Parent Common Stock or Company Common Stock shall have been increased, decreased, or changed into or exchanged for a different number or kind of shares or securities, in any such case as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, or there shall be any extraordinary dividend or distribution, an appropriate and proportionate adjustment shall be made to the Exchange Ratio to give holders of Company Common Stock the same economic effect as contemplated by this Agreement prior to such event.

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(c) Notwithstanding anything in this Agreement to the contrary, at the Effective Time, all shares of Company Common Stock that are owned by the Company or Parent (in each case other than the Exception Shares) shall be cancelled and shall cease to exist and neither the Merger Consideration nor any other consideration shall be delivered in exchange therefor.

1.6 Company Preferred Stock. At the Effective Time, by virtue of the Merger and without any action on the part of any holder thereof, each share of Fixed Rate-to-Floating Rate Perpetual Non-Cumulative Preferred Stock, Series B, par value \$0.01 per share, of the Company (the Company Preferred Stock ) issued and outstanding immediately prior to the Effective Time shall automatically be converted into a share of a newly created series of preferred stock of Parent having such rights, preferences, privileges and voting powers, and limitations and restrictions that are not materially less favorable to the holder thereof than the rights, preferences, privileges and voting powers of the Company Preferred Stock (all shares of each such newly created series, collectively, the New Parent Preferred Stock ) and, upon such conversion, the Company Preferred Stock shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time.

1.7 Parent Common Stock. At and after the Effective Time, each share of Parent Common Stock issued and outstanding immediately prior to the Effective Time shall remain an issued and outstanding share of common stock of the Surviving Corporation and shall not be affected by the Merger.

1.8 Appraisal Rights. Each issued and outstanding share of Company Common Stock the holder of which has perfected his right to dissent under the DGCL and has not effectively withdrawn or lost such right as of the Effective Time (the Dissenting Shares ) shall not be converted into or represent a right to receive the per share Merger Consideration hereunder, and the holder thereof shall be entitled only to such rights as are granted by the DGCL. The Company shall give Parent prompt notice upon receipt by the Company of any such demands for payment of the fair value of such shares of Company Common Stock, any withdrawals of such notice and any other instruments provided pursuant to applicable law (any stockholder duly making such demand being hereinafter called a Dissenting Stockholder ). The Company shall not, except with the prior written consent of Parent, voluntarily make any payment with respect to, or settle or offer to settle, any such demand for payment, or waive any failure to timely deliver a written demand for appraisal or the taking of any other action by such Dissenting Stockholder as may be necessary to perfect appraisal rights under the DGCL. The Company shall give Parent the reasonable opportunity to participate in and direct all negotiations and proceedings with respect to any such demands. Any payments made in respect of Dissenting Shares shall be made by the Surviving Corporation. If any Dissenting Stockholder shall effectively withdraw or lose (through failure to perfect or otherwise) his, her or its right to such payment at or prior to the Effective Time, such holder's shares of Company Common Stock shall be converted into a right to receive cash and Parent Common Stock in accordance with the applicable provisions of this Agreement.

1.9 Treatment of Company Equity Awards.

(a) At the Effective Time, each option granted by the Company to purchase shares of Company Common Stock under a Company Stock Plan (as defined below), whether vested or unvested, that is outstanding and unexercised immediately prior to the Effective Time (a Company Stock Option ) shall be assumed by Parent and converted into a stock option exercisable for that number of whole shares of Parent Common Stock (rounded down to the nearest whole share) equal to the product of (i) the number of shares of Company Common Stock subject to such Company Stock Option

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multiplied by (ii) the Company Equity Award Exchange Ratio (as defined below in Section 1.9(e)(i)) with an exercise price per share of Parent Common Stock (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (x) the exercise price per share of Company Common Stock of such Company Stock Option by (y) the Company Equity Award Exchange Ratio; provided, that the exercise price and the number of shares of Parent Common Stock subject to the Company Stock Option shall be determined in a manner consistent with the requirements of Section 409A of the Code and, in the case of Company Stock Options that are intended to qualify as incentive stock options within the meaning of Section 422 of the Code, consistent with the requirements of Section 424 of the Code. Each such Company Stock Option as so assumed and converted shall continue to have, and shall be subject to, the same terms and conditions, including vesting, as applicable immediately prior to the Effective Time.

(b) At the Effective Time, each award in respect of a share of Company Common Stock subject to vesting, repurchase or other lapse restriction granted under a Company Stock Plan that is outstanding immediately prior to the Effective Time (a Company Restricted Stock Award ) shall be converted into that number of whole shares of Parent Common Stock (rounded down to the nearest whole share) equal to the product of (i) the number of shares of Company Common Stock subject to such Company Restricted Stock Award multiplied by (ii) the Company Equity Award Exchange Ratio. Each such Company Restricted Stock Award as so assumed and converted shall continue to have, and shall be subject to, the same terms and conditions, including vesting, as applicable, immediately prior to the Effective Time.

(c) At the Effective Time, each restricted stock unit award in respect of shares of Company Common Stock granted under a Company Stock Plan that is outstanding immediately prior to the Effective Time (a Company Restricted Stock Unit Award and, together with the Company Stock Options and the Company Restricted Stock Awards, the Company Equity Awards ) shall be converted into a restricted stock unit award for a number of whole shares of Parent Common Stock (rounded down to the nearest whole share) equal to the product of (i) the number of shares of Company Common Stock subject to such Company Restricted Stock Unit Award (and with respect to any Company Restricted Stock Unit Award that is subject to a performance vesting condition, in whole or in part, such vesting condition shall be deemed satisfied at target level) multiplied by (ii) the Company Equity Award Exchange Ratio. Any fractional shares of Company Common Stock subject to such Company Restricted Stock Unit Award shall entitle the holder thereof to receive a pro rata portion of the Merger Consideration at the Effective Time. Each such Company Restricted Stock Unit Award as so assumed and converted shall continue to have, and shall be subject to, the same terms and conditions, including vesting (other than performance vesting), as applicable immediately prior to the Effective Time.

(d) At or prior to the Effective Time, the Company, the Board of Directors of the Company and the compensation committee of the Board of Directors of the Company, as applicable, shall adopt any resolutions and take any actions that are necessary to effectuate the provisions of this Section 1.9. At the Effective Time, Parent shall assume all the obligations of the Company under each Company Stock Plan under which a Company Stock Option, Company Restricted Stock Award or Company Restricted Stock Unit Award is outstanding as of immediately prior to the Effective Time, each outstanding Company Stock Option, Company Restricted Stock Award and Company Restricted Stock Unit Award and the agreements evidencing the grants thereof, and the number and kind of shares available for issuance under each such Company Stock Plan shall be adjusted to reflect shares of Parent Common Stock in accordance with the provisions of the applicable Company Stock Plan. At the Effective Time,

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Parent shall reserve for future issuance a number of shares of Parent Common Stock at least equal to the number of shares of Parent Common Stock that will be subject to Company Stock Options, Company Restricted Stock Awards and Company Restricted Stock Unit Awards as a result of the actions contemplated by Section 1.9(a). As of or promptly following the Effective Time, Parent shall file a post-effective amendment to the Form S-4 or an effective registration statement on Form S-8 (or other applicable form) with respect to the shares of Parent Common Stock subject to such Company Stock Options and Company Restricted Stock Unit Awards, shall distribute a prospectus relating to such Form S-8, if applicable, and Parent shall use reasonable commercial efforts to maintain the effectiveness of such registration statement for so long as such Company Stock Options, Company Restricted Stock Awards and Company Restricted Stock Unit Awards (as converted) remain outstanding.

(e) For purposes of this Agreement, the following terms shall have the following meanings:

(i) Company Equity Award Exchange Ratio means the sum of (A) the Exchange Ratio and (B) the quotient obtained by dividing (I) the Per Share Cash Consideration by (II) the Parent Share Closing Price (as defined below in Section 2.2(e)).

(ii) Company Stock Plans means the Company's 2012 Equity Incentive Plan, as amended, and the Company's Amended and Restated 2002 Long-Term Incentive Stock Benefit Plan.

1.10 Certificate of Incorporation and Bylaws of the Surviving Corporation. At the Effective Time, the Amended and Restated Articles of Incorporation of Parent, as amended (the Parent Articles ), and Amended and Restated Regulations of Parent (the Parent Bylaws ) shall be the articles of incorporation and regulations of the Surviving Corporation until thereafter amended in accordance with their terms and applicable law.

1.11 Tax Consequences. It is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Code, and that this Agreement is intended to be and is adopted as a plan of reorganization for the purposes of Sections 354 and 361 of the Code.

1.12 Reservation of Right to Revise Structure. Parent and the Company may at any time change the method of effecting the business combination contemplated by this Agreement if and to the extent that both Parent and the Company mutually deem such a change to be desirable; provided, however, that no such change shall (A) alter or change the amount or kind of the consideration to be issued hereunder, (B) impede or delay consummation of the Merger or (C) adversely affect the federal income tax treatment of the recipients of consideration hereunder in connection with the Merger.

## ARTICLE II

### EXCHANGE OF SHARES

2.1 Parent to Make Shares Available. At or prior to the Effective Time, Parent shall deposit, or shall cause to be deposited, with a bank or trust company designated by Parent and reasonably acceptable to the Company (the Exchange Agent ), for the benefit of the holders of Old Certificates, for exchange in accordance with this Article II, (a) New Certificates to be issued pursuant to Section 1.5 and exchanged pursuant to Section 2.2(a) in exchange for outstanding shares of Company Common Stock, and (b) cash in an amount sufficient to pay (i) the aggregate cash portion of the Merger Consideration and (ii) cash in lieu of any fractional shares (such cash and New Certificates



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described in the foregoing clauses (a) and (b), together with any dividends or distributions with respect thereto (after giving effect to Section 6.10), being hereinafter referred to as the Exchange Fund ). The Exchange Agent shall invest any cash included in the Exchange Fund as directed by Parent, provided that no such investment or losses thereon shall affect the amount of Merger Consideration payable to the holders of Old Certificates. Any interest and other income resulting from such investments shall be paid to Parent.

2.2 Exchange of Shares.

(a) As promptly as practicable after the Effective Time, but in no event later than ten (10) days thereafter, Parent shall cause the Exchange Agent to mail to each holder of record of one or more Old Certificates representing shares of Company Common Stock immediately prior to the Effective Time that have been converted at the Effective Time into the right to receive the Merger Consideration pursuant to Article I, a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Old Certificates shall pass, only upon proper delivery of the Old Certificates to the Exchange Agent) and instructions for use in effecting the surrender of the Old Certificates in exchange for certificates representing the number of whole shares of Parent Common Stock, any cash in lieu of fractional shares and the cash portion of the Merger Consideration which the shares of Company Common Stock represented by such Old Certificate or Old Certificates shall have been converted into the right to receive pursuant to this Agreement as well as any dividends or distributions to be paid pursuant to Section 2.2(b). From and after the Effective Time, upon proper surrender of an Old Certificate or Old Certificates for exchange and cancellation to the Exchange Agent, together with such properly completed letter of transmittal, duly executed, the holder of such Old Certificate or Old Certificates shall be entitled to receive in exchange therefor, as applicable, (i) a New Certificate representing that number of whole shares of Parent Common Stock to which such holder of Company Common Stock shall have become entitled pursuant to the provisions of Article I and (ii) a check representing the amount of (A) the cash portion of the Merger Consideration which such holder has the right to receive in respect of the Old Certificate or Old Certificates surrendered pursuant to the provisions of this Article II, (B) any cash in lieu of fractional shares which such holder has the right to receive in respect of the Old Certificate or Old Certificates surrendered pursuant to the provisions of this Article II and (C) any dividends or distributions which the holder thereof has the right to receive pursuant to this Section 2.2, and the Old Certificate or Old Certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on the cash portion of the Merger Consideration or any cash in lieu of fractional shares payable to holders of Old Certificates. Until surrendered as contemplated by this Section 2.2, each Old Certificate shall be deemed at any time after the Effective Time to represent only the right to receive, upon surrender, the Merger Consideration and any cash in lieu of fractional shares or in respect of dividends or distributions as contemplated by this Section 2.2.

(b) No dividends or other distributions declared with respect to Parent Common Stock shall be paid to the holder of any unsurrendered Old Certificate until the holder thereof shall surrender such Old Certificate in accordance with this Article II. After the surrender of an Old Certificate in accordance with this Article II, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to the whole shares of Parent Common Stock which the shares of Company Common Stock represented by such Old Certificate have been converted into the right to receive (after giving effect to Section 6.10).

(c) If any New Certificate representing shares of Parent Common Stock is to be issued in a name other than that in which the Old Certificate or Old Certificates surrendered in exchange therefor is or



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are registered, it shall be a condition of the issuance thereof that the Old Certificate or Old Certificates so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other similar Taxes required by reason of the issuance of a New Certificate representing shares of Parent Common Stock in any name other than that of the registered holder of the Old Certificate or Old Certificates surrendered, or required for any other reason, or shall establish to the satisfaction of the Exchange Agent that such Tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of the Company of the shares of Company Common Stock that were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, Old Certificates representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for the Merger Consideration, cash in lieu of fractional shares and dividends or distributions that the holder presenting such Old Certificates is entitled to, as provided in this Article II.

(e) Notwithstanding anything to the contrary contained herein, no New Certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Old Certificates, no dividend or distribution with respect to Parent Common Stock shall be payable on or with respect to any fractional share, and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a stockholder of Parent. In lieu of the issuance of any such fractional share, Parent shall pay to each former stockholder of the Company who otherwise would be entitled to receive such fractional share an amount in cash (rounded to the nearest cent) determined by multiplying (i) the volume weighted average price of Parent Common Stock on the New York Stock Exchange (the NYSE ) for the five (5) full trading days ending on the day preceding the Closing Date (the Parent Share Closing Price ) by (ii) the fraction of a share (rounded to the nearest thousandth when expressed in decimal form) of Parent Common Stock which such holder would otherwise be entitled to receive pursuant to Section 1.5.

(f) Any portion of the Exchange Fund that remains unclaimed by the stockholders of the Company for one (1) year after the Effective Time shall be paid to the Surviving Corporation. Any former stockholders of the Company who have not theretofore exchanged their Old Certificates pursuant to this Article II shall thereafter look only to the Surviving Corporation for payment of the Merger Consideration, cash in lieu of any fractional shares and any unpaid dividends and distributions on the Parent Common Stock deliverable in respect of each former share of Company Common Stock such stockholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of Parent, the Company, the Surviving Corporation, the Exchange Agent or any other person shall be liable to any former holder of shares of Company Common Stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

(g) Parent shall be entitled to deduct and withhold, or cause the Exchange Agent to deduct and withhold, from the cash portion of the Merger Consideration, any cash in lieu of fractional shares of Parent Common Stock, cash dividends or distributions payable pursuant to this Section 2.2 or any other cash amounts otherwise payable pursuant to this Agreement to any holder of Company Common Stock or Company Equity Awards such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax law. To the extent that amounts are so withheld by Parent or the Exchange Agent, as the case may be, and paid

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over to the appropriate governmental authority, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Company Common Stock in respect of which the deduction and withholding was made by Parent or the Exchange Agent, as the case may be.

(h) In the event any Old Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Old Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such person of a bond in such amount as Parent may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such Old Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Old Certificate the Merger Consideration and any cash in lieu of fractional shares deliverable in respect thereof pursuant to this Agreement.

**ARTICLE III**

**REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except (i) as disclosed in the disclosure schedule delivered by the Company to Parent concurrently herewith (the Company Disclosure Schedule ); provided that (a) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (b) the mere inclusion of an item in the Company Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by the Company that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect on the Company and (c) any disclosures made with respect to a section of this Article III shall be deemed to qualify (1) any other section of this Article III specifically referenced or cross-referenced and (2) other sections of this Article III to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure applies to such other sections or (ii) as disclosed in any Company SEC Reports filed prior to the date hereof (but disregarding risk factor disclosures contained under the heading Risk Factors, or disclosures of risks set forth in any forward-looking statements disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature), the Company hereby represents and warrants to Parent as follows:

3.1 Corporate Organization.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is a bank holding company duly registered under the Bank Holding Company Act of 1956 (BHC Act ). The Company has the requisite corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted in all material respects. The Company is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, reasonably be likely to have a Material Adverse Effect on the Company. As used in this Agreement, the term Material Adverse Effect means, with respect to Parent, the Company or the Surviving Corporation, as the case may be, a material adverse effect on (i) the business, properties, assets, liabilities, results of operations or financial condition of such person and its Subsidiaries taken as a whole (provided, however, that, with

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respect to this clause (i), Material Adverse Effect shall not be deemed to include the impact of (A) changes, after the date hereof, in U.S. generally accepted accounting principles (GAAP) or applicable regulatory accounting requirements or interpretations thereof, (B) changes, after the date hereof, in laws, rules, regulations or agency requirements of general applicability to companies in the industries in which such person and its Subsidiaries operate, or interpretations thereof by courts or Governmental Entities, (C) changes, after the date hereof, in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in economic or market conditions affecting the financial services industry generally and not specifically relating to such person or its Subsidiaries, including changes in prevailing interest rates and in the credit and securities markets, (D) failure, in and of itself, to meet internal or other estimates, projections or forecasts of revenue, net income or any other measure of financial performance, or changes in the trading prices of such person's securities, but not, in any such case, including the underlying causes thereof; (E) disclosure or consummation of the transactions contemplated hereby or actions expressly required by this Agreement in contemplation of the transactions contemplated hereby, or (F) actions or omissions taken pursuant to the written consent of Parent, in the case of the Company, or the Company, in the case of Parent; except, with respect to subclauses (A), (B), or (C), to the extent that the effects of such change are materially disproportionately adverse to the business, properties, assets, liabilities, results of operations or financial condition of such person and its Subsidiaries, taken as a whole, as compared to other companies in the industry in which such person and its Subsidiaries operate) or (ii) the ability of such person to timely consummate the transactions contemplated hereby. As used in this Agreement, the word Subsidiary when used with respect to any person, means any other person Controlled by such person, whether directly or indirectly, or any other person who owns securities or other ownership interests having a majority of the economic interest or voting power of such person. As used in this Agreement, the word Control and the correlative terms Controlling and Controlled, means, with respect to any specified person, the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

(b) True and complete copies of the Restated Certificate of Incorporation of the Company (the Company Charter) and the Amended and Restated Bylaws of the Company (the Company Bylaws), as in effect as of the date of this Agreement, have previously been made available by the Company to Parent.

(c) Each Subsidiary of the Company (a Company Subsidiary) (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and, where such concept is recognized under applicable law, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and in which the failure to be so qualified would reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on the Company and (iii) has all requisite corporate (or similar) power and authority to own or lease its properties and assets and to carry on its business as now conducted. The deposit accounts of each Subsidiary of the Company that is an insured depository institution are insured by the Federal Deposit Insurance Corporation (the FDIC) through the Deposit Insurance Fund (as defined in Section 3(y) of the Federal Deposit Insurance Act of 1950) to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or, to the Company's knowledge, threatened. Section 3.1(c) of the Company Disclosure Schedule sets forth a true and complete list of (x) all Subsidiaries of the Company

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as of the date hereof and (y) all persons (not including Company Subsidiaries) in which the Company, together with any Company Subsidiaries, owns (directly or indirectly) 5% or more of a class of voting securities (other than as part of Company Bank's investment portfolio).

**3.2 Capitalization.**

(a) The authorized capital stock of the Company consists of 500,000,000 shares of Company Common Stock and 50,000,000 shares of Company Preferred Stock. As of the date of this Agreement, no shares of capital stock or other voting securities of the Company are issued, reserved for issuance or outstanding, other than (i) 366,002,045 shares of Company Common Stock issued and outstanding, which number includes 820,385 shares of Company Common Stock granted in respect of outstanding Company Restricted Stock Awards, (ii) 11,234,481 shares of Company Common Stock held in treasury, (iii) 3,737,744 shares of Company Common Stock reserved for issuance upon the exercise of outstanding Company Stock Options, (iv) 4,097,808 shares of Company Common Stock reserved for issuance upon the settlement of outstanding Company Restricted Stock Unit Awards (including 11,511 shares of Company Common Stock reserved for issuance upon settlement of dividend equivalents) and (v) 14,000,000 shares of Company Preferred Stock issued and outstanding. All the issued and outstanding shares of Company Common Stock and Company Preferred Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which stockholders of the Company may vote are issued or outstanding. Except as set forth in Section 3.2(a) of the Company Disclosure Schedule, as of the date of this Agreement, no trust preferred or subordinated debt securities of the Company are issued or outstanding. Other than the Company Equity Awards issued prior to the date of this Agreement or permitted to be issued pursuant to Section 5.2(b)(iii), there are no outstanding subscriptions, options, warrants, puts, calls, rights, exchangeable or convertible securities or other commitments or agreements obligating the Company to issue, transfer, sell, purchase, redeem or otherwise acquire any such securities. Each grant of a Company Equity Award was duly authorized no later than the grant date of such award by all necessary corporate action, including, as applicable, approval by the Board of Directors of the Company (or a duly constituted and authorized committee thereof) and any required stockholder approval by the necessary number of votes. Each such grant was made under a Company Stock Plan and in all material respects in accordance with the terms of the applicable Company Stock Plan, the Exchange Act and all other applicable laws, including the rules of the Nasdaq Stock Market. Each grant of a Company Equity Award was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the Company and disclosed in the Company SEC Reports in accordance with the Exchange Act and all other applicable laws. The Company has not granted, and there is not, and has not been, any Company policy or practice to grant, Company Equity Awards immediately prior to, or otherwise coordinate the grant of such awards with, the release or other public announcement of material information regarding the Company or any of the Company Subsidiaries or any of their financial results or prospects.

(b) There are no voting trusts, stockholder agreements, proxies or other agreements in effect pursuant to which the Company or any of the Company Subsidiaries has a contractual obligation with respect to the voting or transfer of the Company Common Stock or other equity interests of the Company. Section 3.2(b) of the Company Disclosure Schedule sets forth a true, correct and complete list of all Company Equity Awards outstanding as of the date hereof specifying, on a holder-by-holder basis, (i) the name of each holder, (ii) the number of shares subject to each such Company Equity Award, (iii) the grant date of each such Company Equity Award, (iv) the Company Stock Plan under

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which such Company Equity Award was granted, (v) the exercise price for each such Company Equity Award that is a Company Stock Option, (vi) the vesting schedule applicable to each such Company Equity Award (including whether the vesting will be accelerated by the execution of this Agreement or the consummation of the Merger), and (vii) the expiration date of each such Company Equity Award that is a Company Stock Option. Other than the Company Equity Awards, no equity-based awards (including any cash awards where the amount of payment is determined in whole or in part based on the price of any capital stock of the Company or any Company Subsidiaries) are outstanding.

(c) The Company owns, directly or indirectly, all the issued and outstanding shares of capital stock or other equity ownership interests of each of the Company Subsidiaries, free and clear of any liens, pledges, charges, encumbrances and security interests whatsoever ( Liens ), and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable (except, with respect to First Niagara Bank, N.A, a national bank and a wholly owned Subsidiary of the Company ( Company Bank ), as provided under 12 U.S.C. § 55) and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Subsidiary of the Company has or is bound by any outstanding subscriptions, options, warrants, calls, rights, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

### 3.3 Authority: No Violation.

(a) The Company has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the Merger have been duly and validly approved by the Board of Directors of the Company. The Board of Directors of the Company has determined that the Merger, on the terms and conditions set forth in this Agreement, is in the best interests of the Company and has directed that this Agreement and the transactions contemplated hereby be submitted to the Company's stockholders for adoption at a meeting of such stockholders and has adopted a resolution to the foregoing effect. Except for the adoption of this Agreement by the affirmative vote of a majority of all the votes entitled to be cast by holders of outstanding Company Common Stock (the Requisite Company Vote ), no other corporate proceedings on the part of the Company are necessary to approve this Agreement or to consummate the Merger. This Agreement has been duly and validly executed and delivered by the Company and (assuming due authorization, execution and delivery by Parent) constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms (except in all cases as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, moratorium, reorganization or similar laws of general applicability relating to or affecting insured depository institutions or their parent companies or the rights of creditors generally and subject to general principles of equity (the Enforceability Exceptions )).

(b) Neither the execution and delivery of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby, nor compliance by the Company with any of the terms or provisions hereof, will (i) violate any provision of the Company Charter or the Company Bylaws or (ii) assuming that the consents, approvals and filings referred to in Section 3.4 and Section 4.4 are duly obtained and/or made, (x) violate any law, statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to the Company or any of its Subsidiaries or any of their respective properties or assets or (y) violate, conflict with, result in a

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breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of the Company or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound, except (in the case of clause (ii) above) for such violations, conflicts, breaches, defaults, terminations, cancellations, accelerations or creations which, either individually or in the aggregate, would not reasonably be likely to have a Material Adverse Effect on the Company.

3.4 Consents and Approvals. Except for (i) the filing of applications, filings and notices, as applicable, with the Board of Governors of the Federal Reserve System (the Federal Reserve Board ) under the BHC Act and approval of such applications, filings and notices, (ii) the filing with the Securities and Exchange Commission (the SEC ) of a proxy statement in definitive form relating to the meetings of the Company's stockholders and Parent's stockholders, respectively, to be held in connection with this Agreement and the transactions contemplated hereby (including any amendments or supplements thereto, the Joint Proxy Statement ), and of the registration statement on Form S-4 in which the Joint Proxy Statement will be included as a prospectus, to be filed with the SEC by Parent in connection with the transactions contemplated by this Agreement (the S-4 ) and declaration of effectiveness of the S-4, (iii) the filing of the Certificates of Merger with the Ohio Secretary pursuant to the OGCL and the Delaware Secretary pursuant to the DGCL, (iv) the filing of any notices or other filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act ), (v) as applicable, applications, filings and notices with the Texas Department of Insurance with respect to the indirect acquisition of control of First Niagara Risk Management, Inc., and approval of such applications, filings and notices and (vi) such filings and approvals as are required to be made or obtained under the securities or Blue Sky laws of various states in connection with the issuance of the shares of Parent Common Stock pursuant to this Agreement and the approval of the listing of such Parent Common Stock and the New Parent Preferred Stock on the NYSE, no consents or approvals of or filings or registrations with any court or administrative agency or commission or other governmental authority or instrumentality or SRO (each a Governmental Entity ) are necessary in connection with (A) the execution and delivery by the Company of this Agreement or (B) the consummation by the Company of the Merger. As used in this Agreement, SRO means (i) any self regulatory organization as defined in Section 3(a)(26) of the Securities Exchange Act of 1934 (the Exchange Act ) and (ii) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market. As of the date hereof, the Company is not aware of any reason why the necessary regulatory approvals and consents will not be received in order to permit consummation of the Merger on a timely basis.

### 3.5 Reports.

(a) The Company and each of its Subsidiaries have timely filed (or furnished, as applicable) all material reports, registrations and statements, together with any amendments required to be made with respect thereto, that they were required to file (or furnish, as applicable) since January 1, 2013 with (i) the SEC, (ii) the Federal Reserve Board, (iii) the Office of the Comptroller of the Currency, (iv) any state regulatory authority, (v) any foreign regulatory authority and (vi) any SRO ((i) (vi), collectively, Regulatory Agencies ), including any report, registration or statement required to be filed (or furnished, as applicable) pursuant to the laws, rules or regulations of the United States, any state, any

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foreign entity, or any Regulatory Agency, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file such report, registration or statement or to pay such fees and assessments, either individually or in the aggregate, would not reasonably be likely to have a Material Adverse Effect on the Company. Except for examinations of the Company and its Subsidiaries conducted by a Regulatory Agency in the ordinary course of business, no Regulatory Agency has initiated or has pending any proceeding or, to the knowledge of the Company, investigation into the business or operations of the Company or any of its Subsidiaries since January 1, 2013, except where such proceedings or investigation would not reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company. There is no unresolved violation, criticism, or exception by any Regulatory Agency with respect to any report or statement relating to any examinations or inspections of the Company or any of its Subsidiaries which would reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company.

(b) An accurate and complete copy of each final registration statement, prospectus, report, schedule and definitive proxy statement filed with or furnished to the SEC by the Company or any of its Subsidiaries pursuant to the Securities Act of 1933 (the "Securities Act") or the Exchange Act, as the case may be, since January 1, 2013 (the "Company SEC Reports") is publicly available. No such Company SEC Report, at the time filed, furnished or communicated (and, in the case of registration statements and proxy statements, on the dates of effectiveness and the dates of the relevant meetings, respectively), contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information filed or furnished as of a later date (but before the date of this Agreement) shall be deemed to modify information as of an earlier date. As of their respective dates, all Company SEC Reports filed or furnished under the Securities Act and the Exchange Act complied as to form in all material respects with the published rules and regulations of the SEC with respect thereto. As of the date of this Agreement, no executive officer of the Company has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act. As of the date of this Agreement, there are no outstanding comments from or material unresolved issues raised by the SEC with respect to any of the Company SEC Reports.

### 3.6 Financial Statements.

(a) The financial statements of the Company and its Subsidiaries included (or incorporated by reference) in the Company SEC Reports (including the related notes, where applicable) (i) have been prepared from, and are in accordance with, the books and records of the Company and its Subsidiaries, (ii) fairly present in all material respects the consolidated results of operations, cash flows, changes in stockholders' equity and consolidated financial position of the Company and its Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth (subject in the case of unaudited statements to year-end audit adjustments normal in nature and amount), (iii) complied, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, and (iv) have been prepared in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of the Company and its Subsidiaries have been, since January 1, 2013, and are being, maintained in all material respects in accordance with GAAP. KPMG LLP has not resigned (or informed the Company

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that it intends to resign) or been dismissed as independent public accountants of the Company as a result of or in connection with any disagreements with the Company on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(b) Except as would not reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company, neither the Company nor any of its Subsidiaries has any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due), except for those liabilities that are reflected or reserved against on the consolidated balance sheet of the Company included in its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015 (including any notes thereto) and for liabilities incurred in the ordinary course of business consistent with past practice since September 30, 2015, or in connection with this Agreement and the transactions contemplated hereby.

(c) The records, systems, controls, data and information of the Company and its Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of the Company or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company. The Company (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to the Company, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities as appropriate to allow timely decisions regarding required disclosures and to make the certifications required by the Exchange Act and Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act ), and (ii) has disclosed based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Board of Directors of the Company (x) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and (y) to the knowledge of the Company, any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. These disclosures were made in writing by Company management to the Company's auditors and audit committee and a copy has been previously made available to Parent. To the knowledge of the Company, there is no reason to believe that the Company's outside auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(d) Since January 1, 2013, (i) neither the Company nor any of its Subsidiaries, nor, to the knowledge of the Company, any director, officer, auditor, accountant or representative of the Company or any of its Subsidiaries, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or, to the knowledge of the Company, oral, regarding the accounting or auditing practices, procedures, methodologies or methods (including with respect to loan loss reserves, write-downs, charge-offs and accruals) of the Company or any of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim, whether written or, to the knowledge of the Company, oral, that the Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices, and (ii) no attorney representing the Company or any of its Subsidiaries, whether or not employed by the



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Company or any of its Subsidiaries, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by the Company or any of its officers, directors or employees to the Board of Directors of the Company or any committee thereof or to the knowledge of the Company, to any director or officer of the Company.

3.7 Broker's Fees. Neither the Company nor any Company Subsidiary nor any of their respective officers or directors has employed any broker, finder or financial advisor or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Merger or related transactions contemplated by this Agreement, other than J.P. Morgan Securities LLC pursuant to a letter agreement, a true and complete copy of which have been previously provided to Parent.

### 3.8 Absence of Certain Changes or Events.

(a) Since December 31, 2014, no event or events have occurred that have had or would reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company.

(b) Since December 31, 2014, except with respect to the transactions contemplated hereby or as required or permitted by this Agreement, the Company and its Subsidiaries have carried on their respective businesses in all material respects in the ordinary course.

### 3.9 Legal Proceedings.

(a) Neither the Company nor any of its Subsidiaries is a party to any, and there are no pending or, to the Company's knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against the Company or any of its Subsidiaries that, individually or in the aggregate, is (i) material to it and its Subsidiaries, taken as a whole, or is reasonably likely to result in a material restriction on its or any of its Subsidiaries' businesses or (ii) reasonably likely to prevent, materially impede or materially delay its ability to perform its covenants and agreements under this Agreement or to consummate the transactions contemplated hereby.

(b) There is no material injunction, order, judgment, decree, or regulatory restriction imposed upon the Company, any of its Subsidiaries or the assets of the Company or any of its Subsidiaries (or that, upon consummation of the Merger, would apply to the Surviving Corporation or any of its affiliates).

### 3.10 Taxes and Tax Returns.

(a) Except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect:

(i) Each of the Company and its Subsidiaries has duly and timely filed (taking into account all applicable extensions) all Tax Returns in all jurisdictions in which Tax Returns are required to be filed by it, and all such Tax Returns are true, correct, and complete in all respects.

(ii) All Taxes of the Company and its Subsidiaries (whether or not shown on any Tax Returns) that are due have been fully and timely paid. Each of the Company and its Subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, stockholder, independent contractor or other

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third party. The Company and each of its Subsidiaries have complied in all respects with all information reporting requirements imposed by the Code (or any similar provision under any state or local law).

(iii) Neither the Company nor any of its Subsidiaries has granted any extension or waiver of the limitation period applicable to any Tax that remains in effect.

(iv) No deficiency with respect to Taxes has been proposed, asserted or assessed against the Company or any of its Subsidiaries. There are no pending or threatened in writing disputes, claims, audits, examinations or other proceedings regarding any Taxes of the Company and its Subsidiaries or the assets of the Company and its Subsidiaries.

(v) Neither the Company nor any of its Subsidiaries has been informed in writing by any jurisdiction that the jurisdiction believes that the Company or any of its Subsidiaries was required to file any Tax Return that was not filed.

(vi) The Company has made available to Parent true, correct, and complete copies of any private letter ruling requests, closing agreements or gain recognition agreements with respect to Taxes.

(vii) There are no Liens for Taxes (except Taxes not yet due and payable) on any of the assets of the Company or any of its Subsidiaries.

(viii) Neither the Company nor any of its Subsidiaries is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among the Company and its Subsidiaries).

(ix) Neither the Company nor any of its Subsidiaries (A) has been a member of an affiliated group (other than a group the common parent of which was the Company) filing a joint, combined, unitary or consolidated Tax Return or (B) has any liability for the Taxes of any person (other than the Company or any of its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise.

(x) Neither the Company nor any of its Subsidiaries has been, within the past two years or otherwise as part of a plan (or series of related transactions) within the meaning of Section 355(e) of the Code of which the Merger is also a part, a distributing corporation or a controlled corporation (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock intended to qualify for tax-free treatment under Section 355 of the Code.

(xi) Neither the Company nor any of its Subsidiaries has participated in or been a material advisor with respect to a listed transaction within the meaning of Treasury Regulations Section 1.6011-4(b)(2).

(b) As used in this Agreement, the term Tax or Taxes means all federal, state, local, and foreign income, excise, gross receipts, ad valorem, profits, gains, property, capital, sales, transfer, use, license, payroll, employment, social security, severance, unemployment, withholding, duties, excise, windfall profits, intangibles, franchise, backup withholding, value added, alternative or add-on minimum, estimated and other taxes, charges, fees, levies or like assessments together with all penalties and additions to tax and interest thereon.

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(c) As used in this Agreement, the term Tax Return means any return, declaration, report, claim for refund, estimate, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, supplied or required to be supplied to a Governmental Entity.

3.11 Employees.

(a) Section 3.11(a) of the Company Disclosure Schedule lists all material Company Benefit Plans. For purposes of this Agreement, Company Benefit Plans means all employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ( ERISA )), whether or not subject to ERISA, and all bonus, stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, retirement, supplemental retirement or other benefit plans, programs or arrangements, and all retention, employment, individual independent contractor, termination, severance plans, vacation, paid time off, fringe benefit, programs or arrangements or other contracts or agreements to or with respect to which the Company or any of its Subsidiaries, is a party or has any obligation or that are maintained, contributed to or sponsored by the Company or any of its Subsidiaries for the benefit of any current or former employee, officer, director or individual independent contractor of the Company or any of its Subsidiaries.

(b) The Company has heretofore made available to Parent true and complete copies of each of the Company Benefit Plans and the following related documents, to the extent applicable: (i) the most recent copy of any summary plan descriptions, amendments, modifications or material supplements applicable to any Company Benefit Plan, (ii) the annual report (Form 5500), if any, filed with the Internal Revenue Service (the IRS ) for the last two completed plan years, (iii) the most recently received IRS determination or opinion letter, if any, relating to a Company Benefit Plan, (iv) the most recently prepared actuarial report for each Company Benefit Plan (if applicable), and (v) each trust agreement and insurance or group annuity agreement relating to any Company Benefit Plan.

(c) Each Company Benefit Plan has been established, operated and administered in all material respects in accordance with its terms and the requirements of all applicable laws, including ERISA and the Code.

(d) Section 3.11(d) of the Company Disclosure Schedule identifies each Company Benefit Plan that is intended to be qualified under Section 401(a) of the Code (the Company Qualified Plans ). The IRS has issued a favorable determination or opinion letter with respect to each Company Qualified Plan and the related trust, which letter has not been revoked (nor has revocation been threatened in writing), and, to the knowledge of the Company, there are no existing circumstances and no events have occurred that would have a material adverse effect on the qualified status of any Company Qualified Plan or the related trust or increase the costs relating thereto. No trust funding any Company Benefit Plan is intended to meet the requirements of Section 501(c)(9) of the Code.

(e) Each Company Benefit Plan that is a nonqualified deferred compensation plan (as defined in Section 409A(d)(1) of the Code) and any award thereunder, in each case that is subject to Section 409A of the Code, has been maintained and operated, in all material respects, in compliance with Section 409A of the Code and applicable guidance thereunder, including the final regulations promulgated with respect thereto.

(f) With respect to each Company Benefit Plan or any other ongoing, frozen or terminated single-employer plan , within the meaning of Section 4001(a)(15) of ERISA, currently or formerly

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maintained by the Company, any of its Subsidiaries or any of the Company ERISA Affiliates that is subject to Title IV or Section 302 of ERISA or Section 412, 430 or 4971 of the Code: (i) no such plan is in at-risk status for purposes of Section 430 of the Code, (ii) no reportable event within the meaning of Section 4043(c) of ERISA for which the 30-day notice requirement has not been waived has occurred, (iii) all premiums required to be paid to the Pension Benefit Guaranty Corporation (the PBGC) have been timely paid in full, (iv) no unsatisfied liability (other than for premiums to the PBGC) under Title IV of ERISA has been or is expected to be incurred by the Company or any of its Subsidiaries, and (v) the PBGC has not instituted proceedings to terminate any such Company Benefit Plan. For purposes of this Agreement, Company ERISA Affiliate means all employers (whether or not incorporated) that would be treated together with the Company or any of its Subsidiaries as a single employer within the meaning of Section 414 of the Code.

(g) None of the Company and its Subsidiaries nor any Company ERISA Affiliate has, at any time during the last six years, contributed to or been obligated to contribute to any plan that is a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA (a Multiemployer Plan) or a plan that has two or more contributing sponsors at least two of whom are not under common control, within the meaning of Section 4063 of ERISA (a Multiple Employer Plan), and none of the Company and its Subsidiaries nor any Company ERISA Affiliate has incurred any material liability to a Multiemployer Plan or Multiple Employer Plan as a result of a complete or partial withdrawal (as those terms are defined in Part I of Subtitle E of Title IV of ERISA) from a Multiemployer Plan or Multiple Employer Plan that has not been satisfied in full.

(h) Neither the Company nor any of its Subsidiaries sponsors, has sponsored or has any obligation with respect to any employee benefit plan that provides for any material post-employment or post-retirement health or medical or life insurance benefits for retired or former employees or beneficiaries or dependents thereof, except as required by Section 4980B of the Code.

(i) All material contributions required to be made to any Company Benefit Plan by applicable law or by any plan document or other contractual undertaking, and all material premiums due or payable with respect to insurance policies funding any Company Benefit Plan, for any period in the prior three years through the date hereof, have been timely made or paid in full or, to the extent not required to be made or paid on or before the date hereof, have been fully reflected on the books and records of the Company.

(j) There are no pending or, to the Company's knowledge, threatened (in writing) material claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations that have been asserted or instituted, and, to the Company's knowledge, no set of circumstances exists that may reasonably be likely to give rise to a material claim or lawsuit, against the Company Benefit Plans, any fiduciaries thereof with respect to their duties to the Company Benefit Plans or the assets of any of the trusts under any of the Company Benefit Plans, that could in any case reasonably be likely to result in any material liability of the Company or any of its Subsidiaries to the PBGC, the IRS, the Department of Labor, any Multiemployer Plan, a Multiple Employer Plan, any participant in a Company Benefit Plan, or any other party.

(k) None of the Company and its Subsidiaries nor any Company ERISA Affiliate nor, to the Company's knowledge, any other person, including any fiduciary, has engaged in any prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA), which could subject any of the Company Benefit Plans or their related trusts, the Company, any of its Subsidiaries, any

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Company ERISA Affiliate or any person that the Company or any of its Subsidiaries has an obligation to indemnify, to any material tax or material penalty imposed under Section 4975 of the Code or Section 502 of ERISA.

(l) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in conjunction with any other event) (A) entitle any employee, officer, director or other service provider of the Company or any of its Subsidiaries to severance or termination pay, (B) accelerate the time of payment or vesting, or trigger any payment or funding (through a grantor trust or otherwise) of, compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any Company Benefit Plan, or (C) result in any breach or violation of, or a default under, any Company Benefit Plan. Without limiting the generality of the foregoing, no amount paid or payable (whether in cash, in property, or in the form of benefits) by the Company or any of its Subsidiaries in connection with the transactions contemplated hereby (either solely as a result thereof or as a result of such transactions in conjunction with any other event) will be an excess parachute payment within the meaning of Section 280G of the Code.

(m) No Company Benefit Plan provides for the gross-up or reimbursement of Taxes under Section 409A or 4999 of the Code, or otherwise. The Company has made available to Parent preliminary copies of Section 280G calculations with respect to any executive officers of the Company who are disqualified individuals in connection with the transactions contemplated hereby.

(n) There are no pending or, to the Company's knowledge, threatened (in writing) material labor grievances or material unfair labor practice claims or charges against the Company or any of its Subsidiaries, or any strikes or other material labor disputes against the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is party to or bound by any collective bargaining or similar agreement with any labor organization, or work rules or practices agreed to with any labor organization or employee association applicable to employees of the Company or any of its Subsidiaries and, to the Company's knowledge, there are no organizing efforts by any union or other group seeking to represent any employees of the Company or any of its Subsidiaries.

**3.12 Compliance with Applicable Law.**

(a) The Company and each of its Subsidiaries hold, and have at all times since January 1, 2013 held, all licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses and ownership of their respective properties, rights and assets under and pursuant to each (and have paid all material fees and assessments due and payable in connection therewith), except where neither the cost of failure to hold nor the cost of obtaining and holding such license, franchise, permit or authorization (nor the failure to pay any fees or assessments) would, either individually or in the aggregate, reasonably be likely to have a Material Adverse Effect on the Company, and to the knowledge of the Company, there has been no suspension or cancellation or written threat to suspend or cancel any such license, franchise, permit or authorization. The Company and each of its Subsidiaries have complied in all material respects with and are not in material default or violation under any law, statute, order, rule or regulation of any Governmental Entity applicable to the Company or any of its Subsidiaries, including (to the extent applicable to the Company or its Subsidiaries) all laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act and Regulation B, the Fair Housing Act, the Community Reinvestment Act, the Fair Credit Reporting Act, the Truth in Lending Act and Regulation Z, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, the Electronic Fund Transfer

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Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, any regulations promulgated by the Consumer Financial Protection Bureau, the Foreign Corrupt Practices Act, the Interagency Policy Statement on Retail Sales of Nondeposit Investment Products, the SAFE Mortgage Licensing Act of 2008, the Real Estate Settlement Procedures Act and Regulation X, and any other law relating to bank secrecy, discriminatory lending, financing or leasing practices, money laundering prevention, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act, and all agency requirements relating to the origination, sale and servicing of mortgage and consumer loans. The Company and its Subsidiaries are, and since January 1, 2013 have been, conducting operations at all times in compliance in all material respects with applicable financial recordkeeping and reporting requirements of all money laundering laws administered or enforced by any Governmental Entity in jurisdictions where the Company and its Subsidiaries conduct business (collectively, the Anti-Money Laundering Laws ). The Company and its Subsidiaries have established and maintain a system of internal controls designed to ensure compliance by the Company and its Subsidiaries with applicable financial recordkeeping and reporting requirements of the Anti-Money Laundering Laws.

(b) The Company and each of its Subsidiaries has properly administered in all material respects all accounts for which it acts as a fiduciary, including accounts for which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, in accordance with the terms of the governing documents and applicable law. None of the Company, any of its Subsidiaries, or any director, officer or employee of the Company or of any of its Subsidiaries, has committed any material breach of trust or fiduciary duty with respect to any such fiduciary account, and the accountings for each such fiduciary account are true and correct and accurately reflect the assets of such fiduciary account.

(c) Company Bank is in compliance in all material respects with the applicable provisions of the Community Reinvestment Act of 1977 and the regulations promulgated thereunder (collectively, CRA ) and has received a CRA rating of satisfactory or better in its most recently completed exam.

### 3.13 Certain Contracts.

(a) Except for those agreements and other documents filed as exhibits or incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 or a Quarterly Report on Form 10-Q or Current Report on Form 8-K subsequent thereto and prior to the date hereof, or as set forth in Section 3.13(a) of the Company Disclosure Schedule, as of the date hereof, neither the Company nor any of its Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral), other than any Company Benefit Plan, (i) that is a material contract (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC), (ii) that contains a non-compete or client or customer non-solicit requirement or similar provision that materially restricts the conduct of any line of business by the Company or any of its Subsidiaries, (iii) with or to a labor union or guild (including any collective bargaining agreement), (iv) that relates to the incurrence of indebtedness by the Company or any of its Subsidiaries, or the guaranty of indebtedness of others (other than deposit liabilities, trade payables, federal funds purchased, advances and loans from the Federal Home Loan Bank and securities sold under agreements to repurchase, in each case incurred in the ordinary course of business consistent with past practice, or intercompany indebtedness) in the principal amount of \$10,000,000 or more including any sale and leaseback transactions, capitalized leases and other similar financing transactions, (v) that grants any right of first refusal, right of first offer or similar right with respect to any assets, rights or properties that are material to the Company and its Subsidiaries, taken as a whole, (vi) that is a vendor

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agreement or joint marketing agreement, including any consulting agreement, data processing, software programming or licensing contract, involving the payment of more than \$10,000,000 over the remaining term of the agreement (other than any such contracts which are terminable by the Company or any of its Subsidiaries on ninety (90) days or less notice) or (vii) that is material to it or its financial condition or results of operations (in each case, other than any generally applicable requirements, guidance, directives or interpretations from Governmental Entities not specifically targeted towards the Company or its Subsidiaries). Each contract, arrangement, commitment or understanding of the type described in this Section 3.13(a), whether or not filed with the SEC or set forth in the Company Disclosure Schedule, is referred to herein as a Company Contract, and neither the Company nor any of its Subsidiaries knows of, or has received written, or to the Company's knowledge, oral notice of, any violation of the above by any of the other parties thereto which would reasonably be likely to be, either individually or in the aggregate, material to the Company and its Subsidiaries, taken as a whole.

(b) In each case, except as would not reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company: (i) each Company Contract is valid and binding on the Company or one of its Subsidiaries, as applicable, and in full force and effect, (ii) the Company and each of its Subsidiaries has performed all obligations required to be performed by it prior to the date hereof under each Company Contract, (iii) to the Company's knowledge, each third-party counterparty to each Company Contract has performed all obligations required to be performed by it to date under such Company Contract and (iv) no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a default on the part of the Company or any of its Subsidiaries under any such Company Contract.

3.14 Agreements with Regulatory Agencies. Neither the Company nor any of its Subsidiaries is subject to any cease-and-desist or other order or enforcement action issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or has been ordered to pay any civil money penalty by, or since January 1, 2013, has adopted any policies, procedures or board resolutions at the request or suggestion of any Regulatory Agency or other Governmental Entity that currently restricts in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its ability to pay dividends, its credit or risk management policies, its management or its business (each, whether or not set forth in the Company Disclosure Schedule, a Company Regulatory Agreement), nor has the Company or any of its Subsidiaries been advised in writing or, to the Company's knowledge, orally, since January 1, 2013, by any Regulatory Agency or other Governmental Entity that it is considering issuing, initiating, ordering, or requesting any Company Regulatory Agreement.

3.15 Risk Management Instruments. Except as would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect on the Company, all interest rate swaps, caps, floors, option agreements, futures and forward contracts and other similar derivative transactions and risk management arrangements (Derivative Contracts), whether entered into for the account of the Company, any of its Subsidiaries or for the account of a customer of the Company or one of its Subsidiaries, were entered into in the ordinary course of business and in accordance with prudent business practices and applicable rules, regulations and policies of any Regulatory Agency and with counterparties believed to be financially responsible at the time and are legal, valid and binding obligations of the Company or one of its Subsidiaries enforceable in accordance with their terms (except as may be limited by the Enforceability Exceptions). Except as would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect on the Company, neither it nor its



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Subsidiaries, nor to the Company's knowledge any other party thereto, is in breach of any of its obligations under any Derivative Contracts and the financial position of the Company and its Subsidiaries on a consolidated basis thereunder has been reflected in the books and records of the Company and such Subsidiaries in accordance with GAAP consistently applied.

3.16 Environmental Matters. Except as would not reasonably be likely to have, individually or in the aggregate, a Material Adverse Effect on the Company, the Company and its Subsidiaries are in compliance with any federal, state or local law, regulation, order, decree, permit, authorization, common law or legal requirement concerning: (i) the protection or restoration of the environment, health and safety as it relates to hazardous substance exposure or natural resource damages; (ii) the handling, use, presence, disposal, release or threatened release of any hazardous substance and (iii) noise, odor, wetlands, indoor air, pollution, contamination or any injury or threat of injury to persons or property involving any hazardous substance (collectively, Environmental Laws ). There are no legal, administrative, arbitral or other judicial proceedings, claims or actions, or to the knowledge of the Company any governmental investigations seeking to impose, or that could reasonably be likely to result in the imposition, on the Company or any of its Subsidiaries of any liability or obligation arising under any Environmental Law, pending or, to the knowledge of the Company, threatened against the Company, which liability or obligation would reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company. To the knowledge of the Company, there is no reasonable basis for any such proceeding, claim, action or governmental investigation that would impose any liability or obligation that would reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company. The Company is not subject to any agreement, order, judgment, decree, letter agreement or memorandum of agreement by or with any court, governmental authority or regulatory agency imposing any liability or obligation with respect to any Environmental Law that would reasonably be likely to have, either individually or in the aggregate, a Material Adverse Effect on the Company. Notwithstanding any other representation or warranty in this Article III, the representations and warranties in this Section 3.16 constitute the sole representations and warranties of the Company concerning any matters relating to any Environmental Law.

3.17 Real Property. Except as would not reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on the Company, the Company or a Company Subsidiary (a) has good and marketable title to all real property reflected in the latest audited balance sheet included in the Company SEC Reports as being owned by the Company or a Company Subsidiary or acquired after the date thereof (except properties sold or otherwise disposed of since the date thereof in the ordinary course of business) (the Company Owned Properties ), free and clear of all material Liens, except (i) statutory Liens securing payments not yet due, (ii) Liens for real property Taxes not yet due and payable, (iii) easements, rights of way, and other similar encumbrances that do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties and (iv) such imperfections or irregularities of title or Liens as do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties ((i)-(iv), collectively, Permitted Encumbrances ), and (b) is the lessee of all leasehold estates reflected in the latest audited financial statements included in such Company SEC Reports or acquired after the date thereof (except for leases that have expired by their terms since the date thereof) (collectively with the Company Owned Properties, the Company Real Property ), free and clear of all Liens of any nature whatsoever, except for Permitted Encumbrances, and is in possession of the properties purported to be leased thereunder, and each such lease is valid without default thereunder by the lessee

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or, to the Company's knowledge, the lessor. There are no pending or, to the knowledge of the Company, threatened condemnation proceedings against the Company Real Property. The Company has previously made available to Parent a complete list of all Company Real Property as of the date of this Agreement.

3.18 **Intellectual Property**. Except as would not reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on the Company: (i) the Company and each of its Subsidiaries owns, or is licensed to use (in each case, free and clear of any material Liens other than any Permitted Encumbrances), all Intellectual Property necessary for the conduct of its business as currently conducted; (ii)(A) the use of any Intellectual Property by the Company and its Subsidiaries does not infringe, misappropriate or otherwise violate the rights of any person, and (B) to the knowledge of the Company, no person has asserted to the Company that the Company or any of its Subsidiaries has infringed, misappropriated or otherwise violated the Intellectual Property rights of such person; (iii) to the knowledge of the Company, no person is challenging, infringing on or otherwise violating any right of the Company or any of its Subsidiaries with respect to any Intellectual Property owned by the Company or its Subsidiaries; (iv) neither the Company nor any Company Subsidiary has received any written notice of any pending claim with respect to any Intellectual Property owned by the Company or any Company Subsidiary; and (v) to the knowledge of the Company, since January 1, 2013, no third party has gained unauthorized access to any information technology networks controlled by and material to the operation of the business of the Company and its Subsidiaries. For purposes of this Agreement, **Intellectual Property** means trademarks, service marks, internet domain names, logos and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing; patents, applications for patents (including divisions, continuations and continuations in part), and any re-examinations, extensions or reissues thereof, in any jurisdiction; trade secrets; and copyrights and registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof.

3.19 **Related Party Transactions**. There are no transactions or series of related transactions, agreements, arrangements or understandings, nor are there any currently proposed transactions or series of related transactions, between the Company or any of its Subsidiaries, on the one hand, and any current director or executive officer (as defined in Rule 3b-7 under the Exchange Act) of the Company or any of its Subsidiaries or any person who beneficially owns (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) 5% or more of the outstanding Company Common Stock (or any of such person's immediate family members or affiliates) (other than Subsidiaries of the Company) on the other hand, of the type required to be reported in any Company SEC Report pursuant to Item 404 of Regulation S-K promulgated under the Exchange Act.

3.20 **State Takeover Laws**. The Board of Directors of the Company has approved this Agreement and the transactions contemplated hereby as required to render inapplicable to this Agreement and the transactions contemplated hereby any applicable provisions of Section 203 of the DGCL and any other takeover laws of any state, including any moratorium, control share, takeover or interested stockholder law (any such laws, **Takeover Statutes** ).

3.21 **Reorganization**. The Company has not taken any action and is not aware of any fact or circumstance that could reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

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3.22 Opinion. Prior to the execution of this Agreement, the Board of Directors of the Company has received an opinion (which, if initially rendered verbally, has been or will be confirmed by a written opinion, dated the same date) from J.P. Morgan Securities LLC, to the effect that, as of the date thereof, and based upon and subject to the factors, assumptions and limitations set forth therein, the Merger Consideration provided for in this Agreement is fair, from a financial point of view, to the holders of Company Common Stock. Such opinion has not been amended or rescinded in any material respect as of the date of this Agreement.

3.23 Company Information. The information relating to the Company and its Subsidiaries that is provided by the Company or its representatives for inclusion in (a) the Joint Proxy Statement, on the date it (or any amendment or supplement thereto) is first mailed to holders of Company Common Stock or Parent Common Stock and at the time of the Company Meeting or the Parent Meeting, (b) in the S-4, when it or any amendment thereto becomes effective under the Securities Act, (c) the documents and financial statements of the Company incorporated by reference in the Joint Proxy Statement, the S-4 or any amendment or supplement thereto or (d) any other document filed with any other Regulatory Agency in connection herewith, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The portions of the Joint Proxy Statement relating to the Company and its Subsidiaries and other portions within the reasonable control of the Company and its Subsidiaries will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder. Notwithstanding the foregoing, no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information provided or supplied by or on behalf of Parent or its Subsidiaries for inclusion in the Joint Proxy Statement or the S-4.

3.24 Insurance. Except as would not reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on the Company: (a) the Company and its Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of the Company reasonably has determined to be prudent and consistent with industry practice, and neither the Company nor any of its Subsidiaries has received notice to the effect that any of them are in default under any material insurance policy; (b) each such policy is outstanding and in full force and effect and, except for policies insuring against potential liabilities of officers, directors and employees of the Company and its Subsidiaries, the Company or the relevant Subsidiary thereof is the sole beneficiary of such policies, and (c) all premiums and other payments due under any such policy have been paid, and all claims thereunder have been filed in due and timely fashion.

3.25 Investment Securities.

(a) Each of the Company and its Subsidiaries has good title in all material respects to all securities owned by it (except those sold under repurchase agreements or held in any fiduciary or agency capacity), free and clear of any Lien, except (i) as set forth in the financial statements included in the Company SEC Reports, (ii) to the extent such securities or commodities are pledged in the ordinary course of business to secure obligations of the Company or its Subsidiaries. Such securities are valued on the books of the Company in accordance with GAAP in all material respects and (iii) Permitted Encumbrances.

(b) The Company and its Subsidiaries employ, to the extent applicable, investment, securities, risk management and other policies, practices and procedures that the Company believes are prudent and

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reasonable in the context of their respective businesses, and the Company and its Subsidiaries have, since January 1, 2013, been in compliance with such policies, practices and procedures in all material respects.

3.26 Other Activities.

(a) No Subsidiary of the Company is a broker-dealer required to be registered with the SEC under the Exchange Act.

(b) No Subsidiary of the Company is required to be registered with the SEC as an investment adviser under the Investment Advisers Act of 1940.

3.27 No Other Representations or Warranties.

(a) Except for the representations and warranties made by the Company in this Article III, neither the Company nor any other person makes any express or implied representation or warranty with respect to the Company, its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and the Company hereby disclaims any such other representations or warranties. In particular, without limiting the foregoing disclaimer, neither the Company nor any other person makes or has made any representation or warranty to Parent or any of its affiliates or Representatives with respect to (i) any financial projection, forecast, estimate, budget or prospect information relating to the Company, any of its Subsidiaries or their respective businesses or (ii) except for the representations and warranties made by the Company in this Article III, any oral or written information presented to Parent or any of its affiliates or Representatives in the course of their due diligence investigation of the Company, the negotiation of this Agreement or in the course of the transactions contemplated hereby.

(b) The Company acknowledges and agrees that neither Parent nor any other person has made or is making any express or implied representation or warranty other than those contained in Article IV.

**ARTICLE IV**

**REPRESENTATIONS AND WARRANTIES OF PARENT**

Except (i) as disclosed in the disclosure schedule delivered by Parent to the Company concurrently herewith (the Parent Disclosure Schedule ); provided, that (a) no such item is required to be set forth as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect, (b) the mere inclusion of an item in the Parent Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by Parent that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect on Parent and (c) any disclosures made with respect to a section of this Article IV shall be deemed to qualify (1) any other section of this Article IV specifically referenced or cross-referenced and (2) other sections of this Article IV to the extent it is reasonably apparent on its face (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure applies to such other sections or (ii) as disclosed in any Parent SEC Reports filed prior to the date hereof (but disregarding risk factor

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disclosures contained under the heading "Risk Factors", or disclosures of risks set forth in any forward-looking statements disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature), Parent hereby represents and warrants to the Company as follows:

4.1 Corporate Organization.

(a) Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio and is a bank holding company duly registered under the BHC Act that has elected to be treated as a financial holding company under the BHC Act. Parent has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted in all material respects. Parent is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, reasonably be likely to have a Material Adverse Effect on Parent.

(b) True and complete copies of the Parent Articles and Parent Bylaws, as in effect as of the date of this Agreement, have previously been made available by Parent to the Company.

(c) Each Subsidiary of Parent (a Parent Subsidiary) (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and, where such concept is recognized under applicable law, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and in which the failure to be so qualified would reasonably be likely, either individually or in the aggregate, to have a Material Adverse Effect on Parent and (iii) has all requisite corporate (or similar) power and authority to own or lease its properties and assets and to carry on its business as now conducted. The deposit accounts of each Subsidiary of Parent that is an insured depository institution are insured by the FDIC through the Deposit Insurance Fund to the fullest extent permitted by law, all premiums and assessments required to be paid in connection therewith have been paid when due, and no proceedings for the termination of such insurance are pending or, to Parent's knowledge, threatened. Section 4.1(c) of the Parent Disclosure Schedule sets forth a true and complete list of all Subsidiaries of Parent as of the date hereof.

4.2 Capitalization.

(a) The authorized capital stock of Parent consists of 1,400,000,000 shares of Parent Common Stock and 25,000,000 shares of preferred stock, par value \$1.00 per share. As of the date of this Agreement, no shares of capital stock or other voting securities of Parent are issued, reserved for issuance or outstanding, other than (i) 835,360,741 shares of Parent Common Stock issued and outstanding, including 446,398 shares of Parent Common Stock granted in respect of outstanding awards of restricted Parent Common Stock under a Parent Stock Plan (as defined below) (a Parent Restricted Stock Award), (ii) 181,609,164 shares of Parent Common Stock held in treasury, (iii) 15,585,525 shares of Parent Common Stock reserved for issuance upon the exercise of outstanding stock options to purchase shares of Parent Common Stock granted under a Parent Stock Plan (Parent Stock Options), (iv) 12,425,298 shares of Parent Common Stock reserved for issuance upon the settlement of outstanding restricted stock unit and performance unit awards in respect of shares of Parent Common Stock (the Parent Restricted Stock Unit Awards) and (v) 2,900,234 shares of Parent

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preferred stock issued and outstanding. As used herein, the Parent Stock Plans shall mean all employee and director equity incentive plans of Parent in effect as of the date of this Agreement and agreements for equity awards in respect of Parent Common Stock granted by Parent under the inducement grant exception. All the issued and outstanding shares of Parent Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No bonds, debentures, notes or other indebtedness that have the right to vote on any matters on which stockholders of Parent may vote are issued or outstanding. Except as set forth in Section 4.2(a) of the Parent Disclosure Schedule, as of the date of this Agreement, no trust preferred or subordinated debt securities of Parent are issued or outstanding. Other than Parent Stock Options and Parent Restricted Stock Unit Awards issued prior to the date of this Agreement, as of the date hereof there are no outstanding subscriptions, options, warrants, puts, calls, rights, exchangeable or convertible securities or other commitments or agreements obligating Parent to issue, transfer, sell, purchase, redeem or otherwise acquire any securities of Parent.

(b) There are no voting trusts, stockholder agreements, proxies or other agreements in effect pursuant to which Parent or any of its Subsidiaries has a contractual obligation with respect to the voting or transfer of the Parent Common Stock or other equity interests of Parent.

(c) Parent owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of KeyBank National Association, a national bank and a wholly owned Subsidiary of Parent (Parent Bank), free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable (except, with respect to Parent Subsidiaries that are insured depository institutions, as provided under 12 U.S.C. § 55 or any comparable provision of applicable state law) and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Subsidiary of Parent has or is bound by any outstanding subscriptions, options, warrants, calls, rights, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

#### 4.3 Authority: No Violation.

(a) Parent has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the Merger have been duly and validly approved by the Board of Directors of Parent. The Board of Directors of Parent has determined that the Merger, on the terms and conditions set forth in this Agreement, is in the best interests of Parent and its stockholders, and has directed that this Agreement and the transactions contemplated hereby and the amendment of the Parent Articles in accordance with Section 4.3(a)(i) of the Parent Disclosure Schedule (the Parent Charter Amendment and, together with the adoption of this Agreement and the transactions contemplated hereby, the Parent Stockholder Matters) be submitted to Parent's stockholders for approval at a meeting of such stockholders and has adopted a resolution to the foregoing effect. Except for the adoption of this Agreement and the transactions contemplated hereby and the approval of the Parent Charter Amendment, in each case, by the affirmative vote of the holders of shares of Parent Common Stock entitling them to exercise a majority of the voting power of Parent on such matter (collectively, the Requisite Parent Vote) and the adoption of resolutions to give effect to the provisions of Section 6.11 in connection with the Closing, no other corporate proceedings on the part of Parent are necessary to

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approve this Agreement or to consummate the Merger. This Agreement has been duly and validly executed and delivered by Parent and (assuming due authorization, execution and delivery by the Company) constitutes a valid and binding obligation of Parent, enforceable against Parent in accordance with its terms (except in all cases as such enforceability may be limited by the Enforceability Exceptions). The shares of Parent Common Stock and New Parent Preferred Stock to be issued in the Merger have been validly authorized and, when issued, will be validly issued, fully paid and nonassessable, and no current or past stockholder of Parent will have any preemptive right or similar rights in respect thereof.

(b) Neither the execution and delivery of this Agreement by Parent, nor the consummation by Parent of the transactions contemplated hereby, nor compliance by Parent with any of the terms or provisions hereof, will (i) violate any provision of the Parent Articles or the Parent Bylaws, or (ii) assuming that the consents, approvals and filings referred to in Section 3.3 and 4.4 are duly obtained and/or made, (x) violate any law, statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Parent, any of its Subsidiaries or any of their respective properties or assets or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of Parent or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Parent or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound, except (in the case of clause (ii) above) for such violations, conflicts, breaches, defaults, terminations, cancellations, accelerations or creations which either individually or in the aggregate would not reasonably be likely to have a Material Adverse Effect on Parent.

4.4 Consents and Approvals. Except for (i) the filing of applications, filings and notices, as applicable, with the Federal Reserve Board under the BHC Act and approval of such applications, filings and notices, (ii) the filing with the SEC of the Joint Proxy Statement and the S-4 in which the Joint Proxy Statement will be included as a prospectus, and declaration of effectiveness of the S-4, (iii) the filing of the Certificates of Merger with the Ohio Secretary pursuant to the OGCL and the Delaware Secretary pursuant to the DGCL, (iv) the filing of any notices or other filings under the HSR Act, (v) as applicable, applications, filings and notices with the Texas Department of Insurance with respect to the indirect acquisition of control of First Niagara Risk Management, Inc. and approval of such applications, filings and notices and (vi) such filings and approvals as are required to be made or obtained under the securities or Blue Sky laws of various states in connection with the issuance of the shares of Parent Common Stock pursuant to this Agreement and the approval of the listing of such Parent Common Stock and the New Parent Preferred Stock on the NYSE, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (A) the execution and delivery by Parent of this Agreement or (B) the consummation by Parent of the Merger. As of the date hereof, Parent is not aware of any reason why the necessary regulatory approvals and consents will not be received in order to permit consummation of the Merger on a timely basis.

4.5 Reports.

(a) Parent and each of its Subsidiaries have timely filed or furnished, as applicable) all reports, registrations and statements, together with any amendments required to be made with respect thereto,

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that they were required to file (or furnish, as applicable) since January 1, 2013 with any Regulatory Agencies, including any report, registration or statement required to be filed (or furnished, as applicable) pursuant to the laws, rules or regulations of the United States, any state, any foreign entity, or any Regulatory Agency, and have paid all fees and assessments due and payable in connection therewith, except where the failure to file such report, registration or statement or to pay such fees and assessments, either individually or in the aggregate, would not r