

Stress Test: Key's Overall Capital Sufficient; Change Composition to Lift Common Equity

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Change Recommended Under Fed Scenario of "More Adverse Than Expected" Conditions

CLEVELAND, May 7 /PRNewswire-FirstCall/ -- KeyCorp (NYSE: KEY) said today that the bank holding company has sufficient overall capital (Tier 1 and Total Capital) to meet the "more adverse than expected" economic scenario that the government created as part of its "stress tests" of the nation's 19 largest financial institutions, but that it needed to enhance the composition of its capital. Key was directed to increase its tangible common equity by \$1.8 billion, which will further strengthen Key's already strong tangible common to tangible assets ratio, which was 6.06 percent at March 31, 2009.

"Key has a range of available alternatives to raise the common equity from non-governmental sources over the next six months. It is also our objective to be in a position to repay the TARP/Capital Purchase Program as promptly as permitted," said Henry Meyer, KeyCorp chairman and chief executive officer. KeyCorp says it has numerous alternatives, including exchanges of common shares for outstanding preferred and trust preferred shares, issuing common shares, or other alternatives.

KeyCorp currently has \$2.5 billion of TARP/Capital Purchase Program Preferred Stock. If Key is unable to raise the required common capital from private, non-governmental sources over the next six months, it will, to the extent of the shortfall, be able to convert the TARP/Capital Purchase Program Preferred Stock into Capital Assistance Program Mandatorily Convertible Preferred Stock and thereby satisfy the capital requirement.

KeyCorp CEO Meyer further noted that "the assumptions in the hypothetical stress test were extremely conservative, even for the more adverse economic scenario, and we believe that actual losses and earnings performance will be better than these test results. However, it is important to the economy and financial system to have a banking system that is recognized as being strong and stable. We continue to look forward to playing our part in making loans to consumers, small and midsize businesses and investing in the communities we serve."

Cleveland-based KeyCorp is one of the nation's largest bank-based financial services companies, with assets of approximately \$98 billion. BusinessWeek Magazine named Key the top bank in its Customer Service Champ 2009 edition, ranking Key 11th out of the top-25 companies that include many known for their customer service acumen. Key companies provide investment management, retail and commercial banking, consumer finance, and investment banking products and services to individuals and companies throughout the United States and, for certain businesses, internationally. For more information, visit <https://www.key.com/>.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about our financial condition, results of operations, asset quality trends and profitability. Forward-looking statements are not historical facts but instead represent only management's current expectations and forecasts regarding future events, many of which, by their nature, are inherently uncertain and outside of Key's control. Key's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements.

Factors that may cause actual results to differ materially include, among other things: (1) adverse capital markets conditions and the inability to raise equity and other funding in the capital markets; (2) further downgrades in our credit ratings; (3) unprecedented volatility in the stock markets, public debt markets and other capital markets, including continued disruption in the fixed income markets; (4) changes in interest rates; (5) changes in trade, monetary or fiscal policy; (6) asset price deterioration has had (and may continue to have) a negative effect on the valuation of certain asset categories represented on Key's balance sheet; (7) continuation of the recent deterioration in general economic conditions, or in the condition of the local economies or industries in which we have significant operations or assets, which could, among other things, materially impact credit quality trends and our ability to generate loans; (8) continued disruption in the housing markets and related conditions in the financial markets; (9) increased competitive pressure among financial services companies due to the recent consolidation of competing financial institutions and

the conversion of certain investment banks to bank holding companies; (10) heightened legal standards and regulatory practices, requirements or expectations; (11) the inability to successfully execute strategic initiatives designed to grow revenues and/or manage expenses; (12) increased FDIC deposit insurance premiums; (13) difficulty in attracting and/or retaining key executives and/or relationship managers; (14) consummation of significant business combinations or divestitures; (15) operational or risk management failures due to technological or other factors; (16) changes in accounting or tax practices or requirements; (17) new legal obligations or liabilities or unfavorable resolution of litigation; and (18) disruption in the economy and general business climate as a result of terrorist activities or military actions.

For additional information on KeyCorp and the factors that could cause Key's actual results or financial condition to differ materially from those described in the forward-looking statements consult Key's Annual Report on Form 10-K for the year ended December 31, 2008, and subsequent filings with the Securities and Exchange Commission available on the Securities and Exchange Commission's website (www.sec.gov). Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. We do not assume any obligation to update these forward-looking statements.

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