

strong

focused

building
momentum



About Key

KeyCorp, whose history traces back more than 160 years, is one of America's largest bank-based financial services companies. Key's strategy is to grow by building enduring relationships through client-focused solutions and extraordinary service.

Key Community Bank

Key Community Bank serves individuals and small to mid-sized businesses through our 14-state branch network, which is organized into three internally defined geographic regions: Rocky Mountains and Northwest, Great Lakes, and Northeast.

Key Corporate Bank

Key Corporate Bank includes three lines of business that operate nationally, within and beyond our 14-state branch network: Real Estate Capital and Corporate Banking Services, Equipment Finance, and Institutional Capital Markets.

2011 Annual Review and Forward-looking Statements

The audited consolidated financial statements for KeyCorp and subsidiaries and detailed analytical information are contained in the KeyCorp 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2012.

This report contains forward-looking statements. For more information regarding certain factors that could cause future results to differ, possibly materially, from historical performance or from those forward-looking statements, see "Forward-looking Statements" on page 1 of our 2011 Annual Report on Form 10-K.

Copies of both our 2011 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and this 2011 Annual Review are available on our website at key.com/IR.



<u>Letter to shareholders</u>	<u>3</u>
<u>Five-year financial highlights</u>	<u>10</u>
<u>Distinction through alignment and integration</u>	<u>12</u>
<u>Client-focused solutions and extraordinary service</u>	<u>15</u>
<u>Commitment to our communities</u>	<u>16</u>
<u>Consolidated balance sheets</u>	<u>18</u>
<u>Consolidated statements of income</u>	<u>19</u>
<u>Consolidated statements of cash flows</u>	<u>20</u>
<u>KeyCorp Board of Directors and Management Committee</u>	<u>23</u>
<u>Investor connection</u>	<u>24</u>



letter to shareholders

momentum

To our fellow shareholders:

2011 was a significant year for Key. We continued to strengthen our balance sheet and show impressive improvement in our credit quality. We reached an “inflection point” in growing our loan portfolio. We strengthened the alignment of our franchise across business lines to serve our clients, focusing on specific client segments and industries. And, perhaps most noteworthy, we accomplished all of this while navigating through the ongoing challenges of the economy and changes in the regulatory environment. As a result, we have emerged as a stronger, more focused company, positioned to build momentum and deliver sustainable profitability as we pursue our long-term growth strategy.

Our focused actions delivered improved results in 2011. Full-year net income from continuing operations was \$857 million, or \$0.92 per common share, compared with \$413 million, or \$0.47 per common share, in 2010. This performance reflects our successes in improving our risk profile, strengthening our credit culture, driving loan growth, controlling expenses and executing our relationship-oriented business strategy.

With a clear focus on execution, customer service and profitable growth, we are now in an excellent position to demonstrate what makes Key truly different for our customers and shareholders. Our business model is unique because it allows us to provide superior service through the alignment and integration of our Corporate and Community banks. That difference is at the heart of our strategy, which is to grow by building enduring relationships through client-focused solutions and extraordinary service.

We have emerged as a stronger, more focused company, positioned to build momentum and deliver sustainable profitability.

As shown on the cover, the theme of this annual report is “Strong, Focused, and Building Momentum.” Those words accurately describe where Key is today – poised for a bright future. Here’s why we feel this way:

Strong. First and foremost, our financial position is strong and getting stronger, thanks to the diligent efforts of our entire team to improve our balance sheet, strengthen our capital and reduce the risk in our portfolio. We are committed to maintaining a strong capital position and meeting the new Basel III global capital requirements. We also gain strength from our performance-oriented culture, which drives accountability within our organization and keeps us focused on our strategic goals.

*Beth Mooney,
Chairman and
Chief Executive
Officer, KeyCorp.*

relationships
engagement
quality
focused
strategic
teamwork
strong
aligned
insight
execution
collaboration
accountability
service
grow profitably
momentum
discipline
value

alignment

We continued to work on aligning our Corporate and Community banks to further establish our distinctive business model.

Focused. Focused execution is the way of life throughout our organization, fueled by people who are disciplined in their thoughts and actions.

This is exemplified by our approach to managing risk, capital and expenses. We are also client-focused, and we strive to consistently set the industry standard for customer service. Our teams are focused on building momentum by working together across business lines to identify, share and convert opportunities.

Building momentum. Our momentum will continue to build as our relationship-oriented business model generates results. This model is distinctive in the marketplace and positions us for long-term, balanced growth. Significantly, our loan balances reached an inflection point in 2011, with commercial, financial, and agricultural loans increasing for three consecutive quarters. This supports our belief that our repositioning is mostly complete, our momentum is building, and that we will continue to show sustainable growth going forward.

A year of accomplishment

Building on our strong balance sheet and improved financial performance, our accomplishments in 2011 will serve as the foundation for our ability to generate sustained growth.

Reflecting our strengthened capital position, our Tier 1 common equity ratio improved to 11.26% at year-end, placing us in the top quartile of our peer group. Indicative of the progress that we have made, in March 2011 we repurchased the preferred shares held as a result of Key's participation in the U.S. Treasury's TARP Capital Purchase Program.

Our efforts over the past several years toward early recognition and resolution of our problem credits have substantially improved our risk profile and strengthened our credit quality. Key's net charge-off ratio improved to below 1% for the first time since the first quarter of 2008, and we have now seen eight consecutive quarters of declines in net charge-offs. Nonperforming assets were down 36% from 2010.

During the year, we also completed our Keyvolution expense initiative which resulted in annual expense savings of more than \$300 million. Given the revenue headwinds that continue to face our industry, disciplined expense management remains a critical part of our strategy. Keyvolution is now part of our normal operating rhythm, along with our continuous improvement process.

We continued to work on aligning our Corporate and Community banks to further establish our distinctive business model. We invested for growth by adding client-facing positions in our Corporate and Community banks and by building 40 new branches as we continued to modernize our existing network. We also enhanced our delivery channels and optimized channel usage to reduce cost and improve the client experience. We thoroughly redesigned our key.com website and expanded our online banking capabilities to strengthen our service offerings and connections with clients.



strategy

Results demonstrate the success of our client-focused relationship strategy.

As part of our focus on growing and improving the quality of our loan portfolio, and to foster further economic growth and expansion in our communities, we committed \$5 billion in loans to qualified small business owners over the next three years.

We are pleased by the positive survey results that tell us that Key's customer satisfaction and retention scores continue to exceed those of other large U.S. banks. These results include a survey by the American Customer Satisfaction Index that shows that – compared with the nation's largest banks in the survey – Key is one of only two that improved its overall customer satisfaction score for two consecutive years.

In other awards and recognitions during the year, Greenwich Associates named Key a national winner of three Greenwich Excellence Awards for small business and middle market banking.

*Chris Gorman,
President,
Corporate Bank
(left) and
Bill Koehler,
President,
Community Bank.*

Also, Key ranked fifth among the top 24 U.S. banks in customer satisfaction with small business banking, according to a study by J.D. Power and Associates. These results demonstrate the success of our client-focused relationship strategy and position us to grow through client acquisition, retention and satisfaction.

Finally, as previously announced, on January 11, 2012, we signed an agreement to acquire 37 retail branches in Buffalo and Rochester, New York, strengthening our footprint in upstate New York. This is an important milestone for Key as our strong financial position enabled us to be opportunistic in pursuing an exciting opportunity to strengthen our franchise, which will create long-term shareholder value.

Focused execution

Focused execution is part of our culture. It involves working together with urgency and discipline to win with clients and to drive sustainable results. It requires actionable plans and disciplined performance management, with an emphasis on clear accountability. This is shown

through our efforts to strengthen the alignment of our businesses in a way that delivers a unique value proposition to our clients and differentiates Key in the marketplace.

In our Community Bank, we continue to add new clients and increase their level of engagement. We also launched KeyBank Relationship Rewards.SM This distinctive, enhanced rewards program is designed to help us retain, expand and strengthen our relationships by offering clients choices aligned with their needs and preferences.

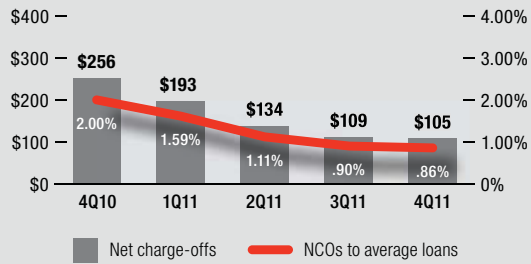
Our Corporate Bank remains focused on targeting client segments where Key can add the most value, which has proved successful through new and expanded client relationships in each of our business segments.

With the right strategy and the right model in place, we believe focused execution will drive our success and fuel long-term growth.

Credit quality, reserves, and capital

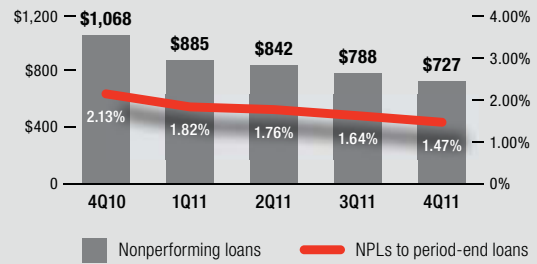
Net charge-offs (NCOs)

(\$ in millions)



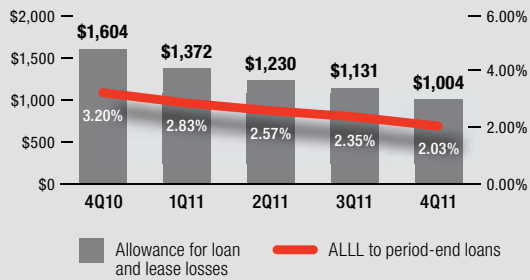
Nonperforming loans (NPLs)

(\$ in millions)

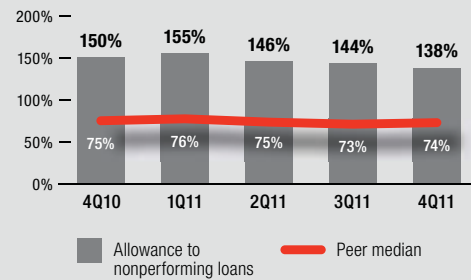


Allowance for loan and lease losses (ALLL)

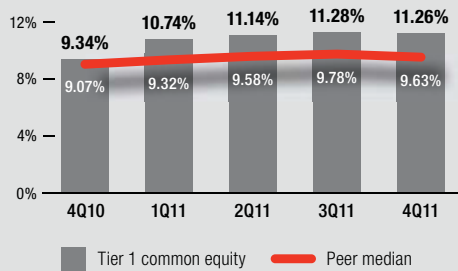
(\$ in millions)



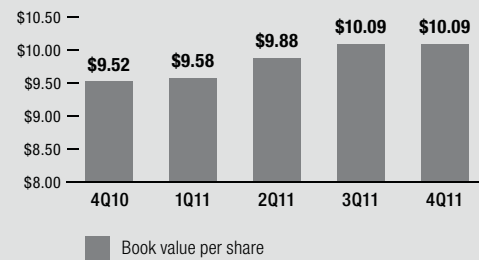
Allowance to nonperforming loans



Tier 1 common equity



Book value per share



Key's peer group consists of: BBT, CMA, FITB, FHN, HCBK, HBAN, MTB, PNC, PBCT, RF, STI, USB, and ZION.

We believe the focused execution of our strategy will improve returns and deliver shareholder value.

Board of Directors

We welcomed two new directors to our Board in November 2011. Charles P. Cooley and William G. Gisel, Jr. bring extensive experience in finance, strategic planning and consumer products, and we look forward to their contributions. I also want to thank Dr. Carol Cartwright who is retiring from the Board at our 2012 Annual Shareholders Meeting. Her keen insight, counsel and commitment have been much appreciated as she helped us navigate the incredible turbulence and changes faced by Key and the banking industry.

Outlook

Looking ahead, we remain confident that we will continue to make progress in 2012 toward achieving our long-term goals, despite the challenging operating environment. As we continue to execute our relationship strategy, we are exhibiting consistent positive momentum with a business model that positions us to compete and win in the marketplace. We believe the focused execution of our strategy will improve returns and deliver shareholder value.

We are seeing indications from our clients that they are cautiously optimistic about the economy. Many of them are beginning to make capital investments in their operations once again, especially to take advantage of the historically low current interest rates and available liquidity.

We remain disciplined in the way we manage our strong capital position. This will allow us to continue to support our businesses and the needs of our clients, as well as evaluate other appropriate capital deployment opportunities, such as potential dividend increases and future share repurchases.

As a personal note, I want to thank you, our shareholders, for your continuing support. I have had the great pleasure to meet and talk with many of you during my first year as CEO, and I look forward to meeting more of you and continuing to communicate our progress in the year ahead.

I also want to thank our employees, because it is their hard work, dedication and commitment to executing our strategy and living our values that sets Key apart.

And, on behalf of our entire Company, I thank our customers for making Key their relationship bank.

Sincerely,



Beth E. Mooney
*Chairman and
Chief Executive Officer*

March 2012

Five-year financial highlights

<i>dollars in millions, except per share amounts</i>	2011	2010	2009	2008	2007
YEAR ENDED DECEMBER 31,					
Total revenue (TE)	\$ 4,100	\$ 4,491	\$ 4,441	\$ 3,709	\$ 5,026
Noninterest expense	2,790	3,034	3,554	3,476	3,158
Provision for loan losses	(60)	638	3,159	1,537	525
Income (loss) from continuing operations attributable to Key	964	577	(1,287)	(1,295)	935
Income (loss) from discontinued operations, net of taxes	(44)	(23)	(48)	(173)	(16)
Net income (loss) attributable to Key	920	554	(1,335)	(1,468)	919
Income (loss) from continuing operations attributable to Key common shareholders	857	413	(1,581)	(1,337)	935
Net income (loss) attributable to Key common shareholders	813	390	(1,629)	(1,510)	919
PER COMMON SHARE					
Income (loss) from continuing operations attributable to Key common shareholders	\$.92	\$.47	\$ (2.27)	\$ (2.97)	\$ 2.39
Income (loss) from discontinued operations, net of taxes	(.05)	(.03)	(.07)	(.38)	(.04)
Net income (loss) attributable to Key common shareholders	.87	.45	(2.34)	(3.36)	2.35
Income (loss) from continuing operations attributable to Key common shareholders – assuming dilution	.92	.47	(2.27)	(2.97)	2.36
Income (loss) from discontinued operations, net of taxes – assuming dilution	(.05)	(.03)	(.07)	(.38)	(.04)
Net income (loss) attributable to Key common shareholders – assuming dilution	.87	.44	(2.34)	(3.36)	2.32
Cash dividends paid	\$.10	\$.04	\$.09	\$ 1.00	\$ 1.46
Book value at year end	10.09	9.52	9.04	14.97	19.92
Tangible book value at year end	9.11	8.45	7.94	12.48	16.47
Market price at year end	7.69	8.85	5.55	8.52	23.45
Weighted-average common shares (000)	931,934	874,748	697,155	450,039	392,013
Weighted-average common shares and potential common shares (000)	935,801	878,153	697,155	450,039	395,823
AT DECEMBER 31,					
Loans	\$ 49,575	\$ 50,107	\$ 58,770	\$ 72,835	\$ 70,492
Earning assets	73,729	76,211	80,318	89,759	82,865
Total assets	88,785	91,843	93,287	104,531	98,228
Deposits	61,956	60,610	65,571	65,127	62,934
Key shareholders' equity	9,905	11,117	10,663	10,480	7,746
Common shares outstanding (000)	953,008	880,608	878,535	495,002	388,793
PERFORMANCE RATIOS					
From continuing operations:					
Return on average total assets	1.17%	.66%	(1.35)%	(1.29)%	1.02%
Return on average common equity	9.26	5.06	(19.00)	(16.22)	12.11
Net interest margin (TE)	3.16	3.26	2.83	2.15	3.50
From consolidated operations:					
Return on average total assets	1.04%	.59%	(1.34)%	(1.41)%	.97%
Return on average common equity	8.79	4.78	(19.62)	(18.32)	11.90
Net interest margin (TE)	3.09	3.16	2.81	2.16	3.46
CAPITAL RATIOS					
Key shareholders' equity to assets	11.16%	12.10%	11.43%	10.03%	7.89%
Tangible common equity to tangible assets	9.88	8.19	7.56	5.98	6.61
Tier 1 risk-based capital	12.99	15.16	12.75	10.92	7.44
Tier 1 common equity	11.26	9.34	7.50	5.62	5.74
Total risk-based capital	16.51	19.12	16.95	14.82	11.38

TE = Taxable Equivalent

The **alignment** of our businesses allows us to execute on our growth strategy. By building enduring **relationships** through client-focused solutions and extraordinary service, Key is able to grow and deliver on its purpose: to help clients and **communities** thrive.

focus

distinction through alignment and integration

Key has spent the last several years narrowing its focus on specific client segments and aligning its businesses to deliver a distinct value proposition to targeted clients, which distinguishes Key in a very competitive landscape. With a unique go-to-market model, we are positioned to combine local knowledge and decision-making from our Community Bank with the industry expertise and advisory capabilities of our Corporate Bank. This allows us to provide our clients with a full breadth of products and services, executed with seamless, integrated delivery along a continuum of businesses.

Offerings range from traditional lending and depository products to merger-and-acquisition advisory and debt-and-equity capital markets solutions.

Cross-business collaboration supports our efforts to drive targeted client acquisition, expand relationships and improve the client experience. Key's business model allows us to bring the right team to our clients, to effectively meet their needs. This creates opportunities that would not have occurred otherwise and promotes continued growth in regular, two-way referral activity between our businesses.

For example, our Community and Corporate bankers share joint prospecting lists across our entire footprint. In 2011, our middle market and corporate bankers made more than 600 joint calls with targeted clients. Also, Key Equipment Finance product specialists are embedded in all of our districts to coordinate new business activities with colleagues and provide tailored solutions for clients. Key Equipment Finance lease volume from the Community Bank is up 14% from 2010. Additionally, our Treasury Management teams provide solutions to clients across Key's franchise. In 2011, Treasury Management services were provided to a broad base of Community Bank clients who, in aggregate, represented more than \$8 billion in deposits.

The collaboration of our Community and Corporate banks enhances existing client relationships by allowing us to help them navigate and grow through the various life stages of their businesses. Our clients value our integrated business model and the way we are able to meet their needs by delivering customized solutions with local knowledge and specialized expertise.

Clients value our integrated business model and the way we are able to meet their needs by delivering customized solutions with local knowledge and specialized expertise.

Alignment and integration across Key creates significant opportunities for growth with both new and existing clients. Within our footprint, there are more than 7,000 targets in our focus industry segments that have annual revenue between \$25 million and \$1.5 billion. While we also serve clients outside of this range, this intersection of our Community and Corporate banks is truly an opportunity for Key. These middle market clients place particular value on our relationship approach and the capabilities and solutions we offer. Our current penetration with this client base is approximately 18%. This means we still have significant room for growth which, in turn, would allow us to gain profitable market share and improve performance.

Through targeted collaboration, we are able to leverage our alignment and integration to execute on our growth strategy, delivering value to both clients and shareholders.

*Key employees
Eric Peiffer, Daniel Brown
and Shibani Faehnle, an
integrated corporate and
investment banking team,
develop a business solution
for a healthcare client.*



Key is delivering superior service.

- Scored significantly higher than the largest U.S. banks in a 2011 survey by the American Customer Satisfaction Index and was one of only two banks that improved its overall satisfaction score two consecutive years
- National winner of three Greenwich Excellence Awards for 2011 in small business and middle market banking
- Ranked 5th nationwide in overall customer satisfaction in the 2011 J.D. Power and Associates Small Business Banking Satisfaction Study
- Earned four awards from Corporate Insight's 2011 Bank Monitor for online banking capabilities in the areas of alert services and centers, online applications, bill pay capabilities and transfer capabilities
- Winner of the 2011 Compuware Best of the Web Banking Mobile Leader award, recognizing the best combined performance in 2011 for response time, availability and consistency of our mobile website
- Seven consecutive "outstanding" ratings for lending under the Community Reinvestment Act

client-focused solutions and extraordinary service

commitment

A strong focus on relationships is at the core of Key's growth strategy. By building enduring relationships that stem from the value of our client-focused solutions and extraordinary service, Key is able to grow and set itself apart from the competition. Our culture is built upon providing a consistent client experience at every touch point in the organization, which allows us to build trust, strengthen credibility and deepen client relationships.

Relationships with clients enable us to turn knowledge and insight into value by developing and strengthening our broad range of products and services. Our bankers are able to meet client needs by delivering customized solutions carried out with seamless execution and superior service. Importantly, our clients value our relationship strategy.

In support of our relationship strategy and client focus, Key continues to make strategic investments that enhance our ability to serve clients and grow. We have opened more than 120 new branches and have completed close to 300 renovations at existing branches since 2007, and we continue to add client-facing positions.

We are committed to setting the industry standard for customer service.

In the Corporate Bank, we hired more than 100 senior professionals to our platform over the past two years. In addition to new client-facing positions in the Community Bank for new branches, we added a number of positions serving our Small Business and Private Banking clients. We have also invested in our online and mobile capabilities to enhance our robust functionality for both consumers and businesses.

Demonstrating our commitment to relationships, we launched our enhanced KeyBank Relationship Rewards™ program in the fall of 2011. This program is a compelling incentive for new clients to come to Key and for existing clients to broaden their activities with the bank. In an environment where other financial institutions are cutting back on similar programs, Key wants to reward clients who choose us as their primary bank. The new rewards program has been widely accepted, and enrollment continues to grow.

At Key, we are committed to setting the industry standard for customer service. The success of our client-focused relationship strategy is reflected in the recognition we have received.

Survey results show that Key's customer satisfaction and retention scores continue to exceed those of other large U.S. banks.

According to survey results from the American Customer Satisfaction Index, Key's overall customer satisfaction score has improved each of the last two years. Compared with the nation's largest banks noted in the survey, Key is one of only two that can make that claim. For the third year in a row, Key has scored higher than our largest competitors in customer satisfaction. Also, J.D. Power and Associates ranked Key fifth among the top 24 banks in a nationwide study measuring customer satisfaction with small business banking. Additionally, Key was recognized as a national winner of three Greenwich Excellence Awards for small business banking and middle market banking.

These rankings affirm our client-focused relationship strategy and validate our commitment to deliver extraordinary products and services.

commitment to our communities

At Key, we believe being a strong bank extends beyond being a leading provider of financial services to our customers. We are bound by common values which we live out every day as we stand united in a single purpose: to help our clients and communities thrive. Our people care about the communities in which we do business, which is exemplified through the numerous ways we strive to make a difference.

Community education programs, along with our financing of development projects and diversity initiatives, are among the many ways we invest in our communities. Key has developed a broad range

of creative programs focused on supporting individuals, affordable housing and commercial development in low- and moderate-income areas. Key's economic development and community reinvestment activities consistently receive industry-leading ratings. In fact, Key is the first of the nation's 50 largest banks to earn seven consecutive "outstanding" ratings for exceeding the terms of the Community Reinvestment Act (CRA). Key's "outstanding" rating recognizes its investment in communities, especially underserved neighborhoods, and its unique products and services for underserved clients.

Additionally, the KeyBank Foundation has given more than \$18 million in each of

the past three years to nonprofit organizations across our Maine-to-Alaska footprint. Our foundation continues to make investments in economic self-sufficiency, workforce development, financial education, and diversity. Also, in September 2011, Key committed to lending \$5 billion to small businesses over the next three years.

Key employees continue to give countless volunteer hours each year, living out their commitment to communities through a number of events and organizations. A few of these events and organizations are highlighted below.

Neighbors Make

The Difference® Day: an annual event in which our employees head out into our communities and lend a helping hand with nearly 900 community projects. In the last three years, Key employees have volunteered more than 100,000 hours to thousands of nonprofit organizations.

United Way: a nonprofit organization which works to identify and resolve community issues. In 2011, contributions from Key and its employees to United Way totaled more than \$4 million.

Our people care about the communities in which we do business, which is exemplified through the numerous ways we strive to make a difference.

Super Refund Saturday: an annual event where hundreds of Key employees volunteer to help low- and middle-income individuals get tax refunds. In 2011, Key processed close to \$4 million in federal tax refunds without charge.

In the past two decades, employees have given more than half a million volunteer hours to our communities.

Commitment to sustainability

Sustainability is another way in which Key is devoted to making a difference. We continued to make solid progress with our sustainability program in 2011, and we are committed to improving our environmental performance and increasing efficiency, which we believe will improve our bottom-line performance. We are continuing to develop a full range of programs, including: better managing the effects of climate change and related risks to our business, reducing our energy consumption and greenhouse gas emissions, reducing waste, and expanding our recycling programs. We are also establishing measurement and reporting systems to create more transparency to Key's environmental and social performance. In addition, we remain committed to investments in clean energy.

Highlights of Key's 2011 sustainability performance:

- Formalized our commitment to environmental stewardship
- Established a first-generation carbon emissions reduction goal to reduce Key's absolute carbon footprint by 20% by 2016 (compared with 2009 baseline)
- Achieved Leadership in Energy and Environmental Design (LEED) gold certification for Key's first "Green From the Ground Up" retail branch
- Financed 580 megawatts of clean energy in the form of solar projects and equipment leases
- Financed more than 1,000 megawatts of clean energy in wind-turbine projects

Through a strong sense of community and the commitment to make a difference, Key is devoted to its objective of improving the quality of life and economic vibrancy of the places where its customers, employees, and shareholders live and work.



Neighbors Make The Difference® Day: Key employee John Satola works with children from the YWCA Greater Cleveland's Early Learning Center.

Consolidated balance sheets^(a)

Year ended December 31 (dollars in millions, except per share amounts)	2011	2010
ASSETS		
Cash and due from banks	\$ 694	\$ 278
Short-term investments	3,519	1,344
Trading account assets	623	985
Securities available for sale	16,012	21,933
Held-to-maturity securities (fair value: \$2,133 and \$17)	2,109	17
Other investments	1,163	1,358
Loans, net of unearned income of \$1,388 and \$1,572	49,575	50,107
Less: Allowance for loan and lease losses	1,004	1,604
Net loans	48,571	48,503
Loans held for sale	728	467
Premises and equipment	944	908
Operating lease assets	350	509
Goodwill	917	917
Other intangible assets	17	21
Corporate-owned life insurance	3,256	3,167
Derivative assets	945	1,006
Accrued income and other assets (including \$82 of consolidated LIHTC guaranteed funds VIEs, see Note 11) ^(b)	3,077	3,876
Discontinued assets (including \$2,761 of consolidated education loan securitization trust VIEs at fair value, see Note 11) ^(b)	5,860	6,554
Total assets	\$ 88,785	\$ 91,843
LIABILITIES		
Deposits in domestic offices:		
NOW and money market deposit accounts	\$ 27,954	\$ 27,066
Savings deposits	1,962	1,879
Certificates of deposit (\$100,000 or more)	4,111	5,862
Other time deposits	6,243	8,245
Total interest-bearing	40,270	43,052
Noninterest-bearing	21,098	16,653
Deposits in foreign office — interest-bearing	588	905
Total deposits	61,956	60,610
Federal funds purchased and securities sold under repurchase agreements	1,711	2,045
Bank notes and other short-term borrowings	337	1,151
Derivative liabilities	1,026	1,142
Accrued expense and other liabilities	1,763	1,931
Long-term debt	9,520	10,592
Discontinued liabilities (including \$2,549 of consolidated education loan securitization trust VIEs at fair value, see Note 11) ^(b)	2,550	2,998
Total liabilities	78,863	80,469
EQUITY		
Preferred stock, \$1 par value, authorized 25,000,000 shares:		
7.75% Noncumulative Perpetual Convertible Preferred Stock, Series A, \$100 liquidation preference; authorized 7,475,000 shares; issued 2,904,839 and 2,904,839 shares	291	291
Fixed-Rate Cumulative Perpetual Preferred Stock, Series B, \$100,000 liquidation preference; authorized and issued 25,000 shares	—	2,446
Common shares, \$1 par value; authorized 1,400,000,000 shares; issued 1,016,969,905 and 946,348,435 shares	1,017	946
Common stock warrant	—	87
Capital surplus	4,194	3,711
Retained earnings	6,246	5,557
Treasury stock, at cost (63,962,113 and 65,740,726 shares)	(1,815)	(1,904)
Accumulated other comprehensive income (loss)	(28)	(17)
Key shareholders' equity	9,905	11,117
Noncontrolling interests	17	257
Total equity	9,922	11,374
Total liabilities and equity	\$ 88,785	\$ 91,843

(a) See Notes to Consolidated Financial Statements in 2011 Annual Report on Form 10-K.

(b) The assets of the VIEs can only be used by the particular VIE and there is no recourse to Key with respect to the liabilities of the consolidated LIHTC or education loan securitization trust VIEs.

Consolidated statements of income^(a)

Year ended December 31 (dollars in millions, except per share amounts)	2011	2010	2009
INTEREST INCOME			
Loans	\$ 2,206	\$ 2,653	\$ 3,194
Loans held for sale	14	17	29
Securities available for sale	583	644	460
Held-to-maturity securities	12	2	2
Trading account assets	26	37	47
Short-term investments	6	6	12
Other investments	42	49	51
Total interest income	2,889	3,408	3,795
INTEREST EXPENSE			
Deposits	390	671	1,119
Federal funds purchased and securities sold under repurchase agreements	5	6	5
Bank notes and other short-term borrowings	11	14	16
Long-term debt	216	206	275
Total interest expense	622	897	1,415
NET INTEREST INCOME	2,267	2,511	2,380
Provision for loan and lease losses	(60)	638	3,159
Net interest income (expense) after provision for loan and lease losses	2,327	1,873	(779)
NONINTEREST INCOME			
Trust and investment services income	434	444	459
Service charges on deposit accounts	281	301	330
Operating lease income	122	173	227
Letter of credit and loan fees	213	194	180
Corporate-owned life insurance income	121	137	114
Net securities gains (losses) ^(b)	1	14	113
Electronic banking fees	114	117	105
Gains on leased equipment	25	20	99
Insurance income	53	64	68
Net gains (losses) from loan sales	75	76	(1)
Net gains (losses) from principal investing	78	66	(4)
Investment banking and capital markets income (loss)	134	145	(42)
Gain from sale/redemption of Visa Inc. shares	—	—	105
Gain related to exchange of common shares for capital securities	—	—	78
Other income	57	203	204
Total noninterest income	1,808	1,954	2,035
NONINTEREST EXPENSE			
Personnel	1,520	1,471	1,514
Net occupancy	258	270	259
Operating lease expense	94	142	195
Computer processing	166	185	192
Business services and professional fees	186	176	184
FDIC assessment	52	124	177
OREO expense, net	13	68	97
Equipment	103	100	96
Marketing	60	72	72
Provision (credit) for losses on lending-related commitments	(28)	(48)	67
Intangible asset impairment	—	—	241
Other expense	366	474	460
Total noninterest expense	2,790	3,034	3,554
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,345	793	(2,298)
Income taxes	369	186	(1,035)
INCOME (LOSS) FROM CONTINUING OPERATIONS	976	607	(1,263)
Income (loss) from discontinued operations, net of taxes of (\$26), (\$14) and (\$28) (see Note 13)	(44)	(23)	(48)
NET INCOME (LOSS)	932	584	(1,311)
Less: Net income (loss) attributable to noncontrolling interests	12	30	24
NET INCOME (LOSS) ATTRIBUTABLE TO KEY	\$ 920	\$ 554	\$ (1,335)
Income (loss) from continuing operations attributable to Key common shareholders	\$ 857	\$ 413	\$ (1,581)
Net income (loss) attributable to Key common shareholders	813	390	(1,629)
Per common share:			
Income (loss) from continuing operations attributable to Key common shareholders	\$.92	\$.47	\$ (2.27)
Income (loss) from discontinued operations, net of taxes	(.05)	(.03)	(.07)
Net income (loss) attributable to Key common shareholders ^(d)	.87	.45	(2.34)
Per common share — assuming dilution:			
Income (loss) from continuing operations attributable to Key common shareholders	\$.92	\$.47	\$ (2.27)
Income (loss) from discontinued operations, net of taxes	(.05)	(.03)	(.07)
Net income (loss) attributable to Key common shareholders ^(d)	.87	.44	(2.34)
Cash dividends declared per common share	\$.10	\$.04	\$.09
Weighted-average common shares outstanding (000) ^(c)	931,934	874,748	697,155
Weighted-average common shares and potential common shares outstanding (000)	935,801	878,153	697,155

(a) See Notes to Consolidated Financial Statements in 2011 Annual Report on Form 10-K.

(b) Key did not have impairment losses related to securities recognized in earnings in 2011 and 2010. Impairment losses and the portion of those losses recorded in equity as a component of AOCI on the balance sheet totaled \$11 million and \$3 million, respectively, for 2009.

(c) Assumes conversion of stock options and/or Preferred Stock, Series A, as applicable.

(d) EPS may not foot due to rounding.

Consolidated statements of cash flows^(a)

Year ended December 31 (dollars in millions)	2011	2010	2009
OPERATING ACTIVITIES			
Net income (loss)	\$ 932	\$ 584	\$ (1,311)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Provision (credit) for loan and lease losses	(60)	638	3,159
Depreciation and amortization expense	270	330	389
FDIC (payments) net of FDIC expense	46	105	(466)
Deferred income taxes (benefit)	(310)	80	(878)
Net losses (gains) and writedown on OREO	9	60	86
Expense (income) on trading credit default swaps	41	23	37
Provision (credit) for losses on LIHTC guaranteed funds	(5)	8	17
Provision (credit) for customer derivative losses	(21)	4	40
Net losses (gains) from loan sales	(75)	(76)	1
Net losses (gains) from principal investing	(78)	(66)	4
Provision (credit) for losses on lending-related commitments	(28)	(48)	67
Losses (gains) on leased equipment	(25)	(20)	(99)
Net securities losses (gains)	(1)	(14)	(113)
Gain from sale/redemption of Visa Inc. shares	—	—	(105)
Gain related to exchange of common shares for capital securities	—	—	(78)
Gain from sale of Key's claim associated with the Lehman Brothers' bankruptcy	—	—	(32)
Intangible assets impairment	—	—	241
Net decrease (increase) in loans held for sale excluding loan transfers from continuing operations	(163)	383	295
Net decrease (increase) in trading account assets	362	224	71
Other operating activities, net	996	509	995
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,890	2,724	2,320
INVESTING ACTIVITIES			
Proceeds from sale/redemption of Visa Inc. shares	—	—	105
Net decrease (increase) in short-term investments	(2,175)	399	3,478
Purchases of securities available for sale	(624)	(9,914)	(15,501)
Proceeds from sales of securities available for sale	1,667	142	2,970
Proceeds from prepayments and maturities of securities available for sale	5,000	4,685	4,275
Purchases of held-to-maturity securities	(2,175)	(2)	(6)
Proceeds from prepayments and maturities of held-to-maturity securities	83	6	7
Purchases of other investments	(138)	(190)	(177)
Proceeds from sales of other investments	90	216	41
Proceeds from prepayments and maturities of other investments	111	133	70
Net decrease (increase) in loans, excluding acquisitions, sales and transfers	(303)	5,850	11,066
Proceeds from loan sales	143	620	380
Purchases of premises and equipment	(158)	(156)	(229)
Proceeds from sales of premises and equipment	1	3	16
Proceeds from sales of other real estate owned	120	182	114
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,642	1,974	6,609
FINANCING ACTIVITIES			
Net increase (decrease) in deposits	1,346	(4,961)	444
Net increase (decrease) in short-term borrowings	(1,148)	1,114	(7,952)
Net proceeds from issuance of long-term debt	1,031	797	763
Payments on long-term debt	(2,215)	(1,657)	(3,726)
Net proceeds from issuance of common shares and preferred stock	604	—	986
Series B Preferred Stock - TARP redemption	(2,500)	—	—
Repurchase of common stock warrant	(70)	—	—
Tax benefits over (under) recognized compensation cost for stock-based awards	—	—	(5)
Cash dividends paid	(164)	(184)	(213)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(3,116)	(4,891)	(9,703)
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	416	(193)	(774)
CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	278	471	1,245
CASH AND DUE FROM BANKS AT END OF YEAR	\$ 694	\$ 278	\$ 471
Additional disclosures relative to cash flows:			
Interest paid	\$ 605	\$ 879	\$ 1,489
Income taxes paid (refunded)	(305)	(164)	(121)
Noncash items:			
Loans transferred to portfolio from held for sale	—	—	\$ 199
Loans transferred to held for sale from portfolio	\$ 98	\$ 407	311
Loans transferred to other real estate owned	49	210	264

(a) See Notes to Consolidated Financial Statements in 2011 Annual Report on Form 10-K.

engagement

Employee promise:

Together, we have a strong sense of community where each one of us has the opportunity for personal growth, to do work that matters, and work in a place where results are rewarded.



KeyCorp Board of Directors and Management Committee

KeyCorp Board of Directors

Beth E. Mooney
*Chairman and
Chief Executive Officer*
KeyCorp

Edward P. Campbell
*Retired Chairman,
Chief Executive Officer
and President*
Nordson Corporation

Joseph A. Carrabba
*Chairman, President and
Chief Executive Officer*
Cliffs Natural Resources, Inc.

Dr. Carol A. Cartwright
Retired President
Bowling Green State University

Charles P. Cooley
Retired Chief Financial Officer
The Lubrizol Corporation

Alexander M. Cutler
*Chairman, Chief Executive Officer
and President*
Eaton Corporation

H. James Dallas
*Senior Vice President,
Quality and Operations*
Medtronic, Inc.

Elizabeth R. Gile
Retired Managing Director
Deutsche Bank AG

Ruth Ann M. Gillis
*Executive Vice President,
Chief Administrative Officer
and Chief Diversity Officer*
Exelon Corporation

William G. Gisel, Jr.
*President and
Chief Executive Officer*
Rich Products Corporation

Kristen L. Manos
President
Wilsonart International

Bill R. Sanford
Chairman
Symark LLC

Barbara R. Snyder
President
Case Western Reserve University

Thomas C. Stevens
*Vice Chairman and
Chief Administrative Officer*
KeyCorp

KeyCorp Management Committee

Beth E. Mooney
*Chairman and
Chief Executive Officer*

Michael P. Barnum
Chief Enterprise Operations Officer

Johnni C. Beckel
Chief Human Resources Officer

Amy G. Brady
Chief Information Officer

Robert A. DeAngelis
*Enterprise Program Management
Executive*

Christopher M. Gorman
President, Corporate Bank

Paul N. Harris
Secretary and General Counsel

Charles S. Hyle
Chief Risk Officer

William R. Koehler
President, Community Bank

Thomas C. Stevens
*Vice Chairman and
Chief Administrative Officer*

Jeffrey B. Weeden
Chief Financial Officer

KeyCorp Board of Directors. Top row (left to right): Alexander M. Cutler, Barbara R. Snyder.
Middle row: Bill R. Sanford, Joseph A. Carrabba. Bottom row: Elizabeth R. Gile, Ruth Ann M. Gillis,
Charles P. Cooley, Thomas C. Stevens, Edward P. Campbell, Beth E. Mooney, H. James Dallas,
Kristen L. Manos, William G. Gisel, Jr.

investor connection

Key is committed to communicating with investors accurately and cost-effectively. By choosing to receive Key's Proxy Statement, Annual Review and 10-K over the Internet, instead of receiving a paper copy, you get information faster and help us reduce costs. A copy of our 2011 Annual Report on Form 10-K is also available at no charge upon written request. If you wish to receive copies of any of

the exhibits, we will send them to you upon payment of our expenses for doing so. Please write to:

KeyCorp Investor Relations
127 Public Square
OH-01-27-1113
Cleveland, OH 44114-1306

If you hold your shares, you may sign up for electronic access at **computershare.com** through the Investor tab. If a broker holds your shares, contact the brokerage firm to sign up.

Key also encourages shareholders to vote their proxies over the Internet, or by phone, instead of using the paper proxy card.

Key's Investor Relations website, **key.com/IR**, provides quick access to useful information and shareholder services, including live webcasts of management's quarterly earnings discussions.

Contact information

Online
key.com/IR

Telephone
Corporate Headquarters
216-689-3000

Investor Relations
216-689-4221

Media Relations
216-471-2418

Financial Reports Request Line
888-539-3322

Transfer Agent/Registrar and Shareholder Services
800-539-7216

Mail
Corporate Headquarters
KeyCorp
127 Public Square
Cleveland, OH 44114-1306

KeyCorp Investor Relations
127 Public Square
OH-01-27-1113
Cleveland, OH 44114-1306

Transfer Agent/Registrar and Shareholder Services
Computershare
Investor Services
P.O. Box 43036
Providence, RI 02940-3036

For overnight delivery:
Computershare
Investor Services
250 Royall Street
Canton, MA 02021-1011

Annual shareholders meeting

May 17, 2012
8:30 a.m.
Case Western Reserve
Auditorium
Key Tower, ninth floor
127 Public Square
Cleveland, OH 44114

Common shares

KeyCorp common shares are listed on the New York Stock Exchange under the symbol KEY. Anticipated dividend payable dates are on or about the 15th of March, June, September and December, subject to approval by our Board of Directors.

Quarterly financial releases

Key expects to announce quarterly earnings in the months of April, July and October 2012 and January 2013. Earnings announcements can be accessed on **key.com/IR**. Printed copies of our earnings announcements also can be obtained by selecting the Request Information link on **key.com/IR** or by calling the Financial Reports Request Line at 888-539-3322.

Dividend reinvestment/ Direct stock purchase plan

Computershare Trust Company, Inc. administers a direct stock purchase plan that includes dividend reinvestment and Computershare BYDSSM for investors in common shares of KeyCorp. The plan brochure and enrollment forms can be downloaded at **computershare.com**.

**Our purpose:**

Key helps our clients and communities thrive.

Our promise:**To clients**

You will always have a champion in Key. We strive every day for your personal and business success.

To employees

Together, we have a strong sense of community where each one of us has the opportunity for personal growth, to do work that matters, and work in a place where results are rewarded.

Our strategy:

Key grows by building enduring relationships through client-focused solutions and extraordinary service.

Our values:**Teamwork**

We work together to achieve shared objectives.

Respect

We value the unique talents, skills and experience that diversity provides.

Accountability

We deliver on what we promise.

Integrity

We are open and honest in everything we do.

Leadership

We anticipate the need to act and inspire others to follow.

KeyCorp



127 Public Square
Cleveland, OH 44114-1306

key.com

001CSN0341

Form No. 77-7700KC

©2012 KeyCorp **KeyBank is Member FDIC** ADL4645