



**Part II Organizational Action** (continued)

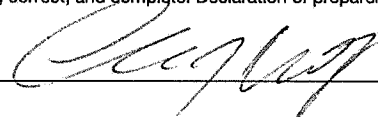
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The applicable Internal Revenue Code Sections are 368(a) and 356(a)(1).

18 Can any resulting loss be recognized? ▶ Please see attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The Merger and resulting stock exchange was effective as of August 1, 2016. For a First Niagara shareholder who is a calendar year taxpayer, the reportable year is 2016.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ 

Date ▶ 9/9/2016

Print your name ▶ **Clark J. Wulf**

Title ▶ **Chief Tax Officer**

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

**KeyCorp, as successor to First Niagara Financial Group, Inc.**  
**EIN 34-6542451**  
**Attachment to Form 8937**

**Form 8937, Part I, Item 10. CUSIP Number:**

KeyCorp-KEY 493267108  
First Niagara Financial Group, Inc.-FNFG 33582V108

**Form 8937, Part II, Item 14. Description of the Organizational Action:**

Effective on August 1, 2016 with a closing date of July 29, 2016, and pursuant to the Agreement and Plan of Merger dated as of October 30, 2015, First Niagara Financial Group, Inc. ("First Niagara") merged with and into KeyCorp, with KeyCorp as the surviving entity ("Merger").

At the closing of 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) was converted into the right to receive 0.680 KeyCorp common shares and \$2.30 in cash, which we refer to as the merger consideration.

**Form 8937, Part II, Items 15 & 16. Quantitative Effect and Calculation of the Change in Basis:**

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders.

Further discussion of the tax consequences of the Merger can be found on page 110 of the Form S-4 for KeyCorp as filed with the Securities and Exchange Commission on November 30, 2015, under the heading "Material United States Federal Income Tax Consequences of the Merger" (available at: <http://investor.key.com/Doc/Index?did=34679668> )

As stated in the Form S-4, the Merger was intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). No ruling from the Internal Revenue Service has been requested or is intended to be obtained as to the United States federal income tax consequences of the Merger. Assuming the Merger constitutes a reorganization, with respect to holders of First Niagara common stock that are U.S. taxpayers not in a special class of holders subject to special rules as described further in the Form S-4 ("U.S. holders"):

A U.S. holder of First Niagara common stock will 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 stock and cash 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 (\$2.30 per share).

In each case the shareholder would exclude any cash received in lieu of fractional share interests in KeyCorp common stock.

The aggregate tax basis of the KeyCorp common stock received in the Merger (including any fractional share interests in KeyCorp common stock deemed received and exchanged for cash, as discussed below) will be the same as the aggregate tax basis of the First Niagara common stock for which it is exchanged, decreased by the amount of cash received in the Merger (excluding any cash received instead of fractional share interests in KeyCorp common stock), and increased by the amount of gain recognized on the exchange (regardless of whether such gain is classified as capital gain or dividend income, as discussed in the Form S-4), excluding any gain recognized with respect to fractional share interests in KeyCorp common stock for which cash is received, as discussed below.

If holders of First Niagara common stock acquired different blocks of First Niagara common stock at different times or at different prices, any gain will be determined separately with respect to each block of First Niagara common stock and such holders' basis in their shares of KeyCorp common stock may be determined with reference to each block of First Niagara common stock.

A holder of First Niagara common stock who receives cash instead of a fractional share of KeyCorp common stock will generally be treated as having received the fractional share pursuant to the Merger and then as having sold to KeyCorp that fractional share of KeyCorp common stock 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 tax basis allocated to such fractional share of KeyCorp common stock.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of KeyCorp common stock and First Niagara Common Stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

There are several possible methods for determining the fair market values of KeyCorp common stock and First Niagara common stock. One possible approach is to utilize the New York Stock Exchange market closing prices on July 29, 2016, the closing date of the merger, for KeyCorp (\$11.70 per share) and the NASDAQ closing price for First Niagara (\$10.18 per share). Other approaches to determine fair market value may also be possible. You should consult your tax advisor to determine the appropriate method.

**Form 8937, Part II, Items 17 & 18. List of Applicable Internal Revenue Code Sections and Subsections:**

The Merger was intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. In general, the federal income tax consequences to First Niagara shareholders are determined under Sections 356, 358 and 1221 of the Code. First Niagara shareholders generally must recognize gain (but not loss), pursuant to Section 356 of the Code, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and fair market value of the Key common stock received in the Merger over the shareholder’s adjusted basis in its shares of First Niagara common stock surrendered, as determined pursuant to Sections 1001 and 1011 of the Code) and (2) the amount of cash received pursuant to the Merger (excluding any cash received in lieu of a fractional share of Key common stock).

A U.S. holder of First Niagara common stock who receives cash in lieu of a fractional share of KeyCorp common stock in the Merger generally will be treated as having received such fractional share in the Merger and then as having received cash in redemption of such fractional share, and may recognize loss as a result of such redemption.

**Form 8937, Part II, Item 19. Other Information:**

The Merger and resulting stock exchange was effective as of August 1, 2016. For a First Niagara shareholder who is a calendar year taxpayer, the reportable tax year is 2016.