

KEYCORP /NEW/  
Form S-4/A  
October 23, 2007  
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As filed with the Securities and Exchange Commission on October 23, 2007.

File No. 333-146456

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Amendment No. 1**

**to**

**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

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**KeyCorp**

(Exact name of registrant as specified in charter)

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**Ohio**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**6021**  
(Primary Standard Industrial  
Classification Code Number)  
**127 Public Square**

**34-6542451**  
(IRS Employer  
Identification Number)

**Cleveland, Ohio 44114-1306**

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(216) 689-6300

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

**Daniel R. Stolzer, Esq.**

**Deputy General Counsel**

**127 Public Square**

**Cleveland, Ohio 44114**

(216) 689-6300

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

---

*Copies to:*

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**Thacher Proffitt & Wood LLP**

**1700 Pennsylvania Avenue, NW, Suite 800**

**Washington, DC 20006**

(202) 347-8400

**Approximate Date of Commencement of Proposed Sale to the Public:** As soon as practicable after this Registration Statement becomes effective.

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 of 1933, as amended (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: "

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**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 that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

October 23, 2007

Dear U.S.B. Holding Co., Inc. Stockholders:

You are cordially invited to attend a special meeting of the stockholders of U.S.B. Holding Co., Inc., a Delaware corporation ( USB ), which will be held at the Holiday Inn, 3 Executive Boulevard, Suffern, New York 10901, on Wednesday, November 28, 2007, at 10:00 A.M. local time.

At the meeting, you will be asked to approve the plan of merger contained in the Amended and Restated Agreement and Plan of Merger, dated as of October 22, 2007, by and among KeyCorp, an Ohio corporation ( Key ), KYCA LLC, a Delaware limited liability company (the Merger Sub ) and a direct wholly-owned subsidiary of Key, and USB, pursuant to which USB will merge with and into the Merger Sub, with the Merger Sub as the surviving entity of such merger, as more fully described in the enclosed proxy statement/prospectus.

If the merger is completed, you will receive cash in an amount of \$8.925 and 0.455 Key common shares for each share of USB common stock you hold immediately prior to the completion date of the merger.

After careful consideration, USB s board of directors recommends that you vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement.

**YOUR VOTE IS VERY IMPORTANT**

To complete the merger, holders of a majority of the outstanding shares of USB common stock must approve the merger agreement, the merger and the transactions contemplated thereby. Your vote is very important. Whether or not you expect to attend the special meeting, please vote as soon as possible to ensure that your shares are represented at the meeting. Registered stockholders and many broker-managed stockholders can vote their shares by using a toll-free number or the Internet. Instructions for using these convenient services are provided on the proxy card. You may also vote your shares by marking your votes on the proxy card, signing and dating it and mailing it with the envelope provided. If you sign and return your proxy card without specifying your choice, it will be understood that you wish to have your shares voted in favor of the merger agreement, the merger and the transactions contemplated thereby.

This document provides you with detailed information about the merger. In addition to being a proxy statement of USB, this document is also the prospectus of Key for the Key common shares that will be issued in connection with the merger. We encourage you to read the entire document carefully. Please pay particular attention to Risk Factors beginning on page 15 for a discussion of the risks related to the merger and owning Key common shares after the merger.

I look forward to seeing you on November 28, 2007.

Sincerely,

Thomas E. Hales  
Chairman and CEO

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE SEC ) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE SECURITIES TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS DOCUMENT IS ACCURATE OR ADEQUATE. IT IS ILLEGAL TO TELL YOU OTHERWISE.**

**The securities to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

This proxy statement/prospectus is dated October 23, 2007, and was first mailed to USB stockholders on or about October 26, 2007.

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**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about Key and USB from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain those documents incorporated by reference in this proxy statement/prospectus by accessing the SEC website maintained at <http://www.sec.gov> or by requesting copies in writing or by telephone from the appropriate company:

KeyCorp	U.S.B. Holding Co., Inc.
127 Public Square	100 Dutch Hill Road
Cleveland, Ohio 44114	Orangeburg, NY 10962
(216) 689-6300	(845) 365-4600
Attention: KeyCorp Investor Relations	Attention: Mr. Thomas M. Buonaiuto
Email: <a href="mailto:Investor_relations@keybank.com">Investor_relations@keybank.com</a>	Email: <a href="mailto:tbuonaiuto@unionstate.com">tbuonaiuto@unionstate.com</a>

**If you would like to request documents from either company, please do so by November 20, 2007 in order to receive them before USB's special stockholder meeting.**

In addition, if you have questions about the merger or the special meeting, need additional copies of this document or wish to obtain proxy cards or other information related to this proxy solicitation, or need assistance in voting your shares, please contact:

Georgeson Inc.  
17 State Street, 10<sup>th</sup> Floor  
New York, NY 10004  
(800) 457-5303 (Toll Free)

Banks and Brokerage Firms call:

(212) 440-9800

You will not be charged for any of these documents that you request.

For additional information about documents incorporated by reference into this proxy statement/prospectus, see the section entitled "Where You Can Find More Information" on page 69.

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON NOVEMBER 28, 2007

To the Stockholders of

U.S.B. Holding Co., Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of U.S.B. Holding Co., a Delaware corporation ( USB ), will be held at the Holiday Inn, 3 Executive Boulevard, Suffern, New York 10901, on Wednesday, November 28, 2007 at 10:00 A.M. local time, for the purpose of considering and voting upon the following matters:

Adoption of the Amended and Restated Agreement and Plan of Merger, dated October 22, 2007 by and among KeyCorp ( Key ), an Ohio corporation, KYCA LLC (the Merger Sub ), a Delaware limited liability company and a direct wholly-owned subsidiary of Key, and USB, and approval of the merger and the other transactions contemplated thereby, pursuant to which USB will merge with and into the Merger Sub, with the Merger Sub as the surviving entity of such merger as more fully described in the attached proxy statement/prospectus.

To adjourn or postpone the special meeting, if necessary, to solicit additional proxies in favor of the merger.

Transaction of such other business as may properly come before the special meeting and any adjournments or postponements thereof. We have fixed the close of business on October 22, 2007 as the record date for determining those stockholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. Only USB stockholders of record at the close of business on that date are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting. In order for the proposal to adopt the merger agreement and to approve the merger and the transactions contemplated thereby to be approved, the holders of a majority of the outstanding shares of USB common stock entitled to vote must vote in favor of approval of the proposal, given that more than two-thirds of USB's directors approved the merger. Abstentions and broker non-votes will have the same effect as votes against approval of the merger agreement, the merger and the transactions contemplated thereby. If you wish to attend the special meeting and vote in person and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

Sincerely,

Thomas E. Hales  
Chairman and CEO

**Whether or not you plan to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card in the enclosed envelope. The enclosed envelope requires no postage if mailed in the United States. If you attend the special meeting, you may vote in person if you wish, even if you have previously returned your proxy card.**

A majority of USB's board of directors recommends that you vote **FOR** adoption of the merger agreement and approval of the merger and the other transactions contemplated thereby.

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<i>Appendix A</i>	Amended and Restated Agreement and Plan of Merger, dated as of October 22, 2007, by and among KeyCorp, KYCA LLC and U.S.B. Holding Company, Inc.
<i>Appendix B</i>	Opinion (addressed to USB's Board of Directors) of Keefe, Bruyette & Woods, Inc.
<i>Appendix C</i>	Provision of Delaware Law concerning Appraisal Rights

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**SUMMARY**

*This summary highlights certain material information from this document. It may not contain all of the information that may be important to you. You should read carefully the entire document and the other documents to which we refer you in order to fully understand the proposed merger, especially the risks, which are discussed under Risk Factors beginning on page 15. In addition, we incorporate by reference into this document important business and financial information about Key and USB. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled Where You Can Find More Information beginning on page 69. Each item in this summary includes a page reference directing you to a more complete description of that item. Unless the context otherwise requires, the terms:*

*Key* refers to KeyCorp, an Ohio corporation;

*the Merger Sub* refers to KYCA LLC, a direct wholly-owned subsidiary of Key;

*USB* refers to U.S.B. Holding Co., Inc. a Delaware corporation;

*we*, *us* and *our* refers to Key and USB, collectively;

*merger* refers to the merger of USB with and into the Merger Sub, with the Merger Sub as the surviving entity of such merger; and

*the merger agreement* refers to the Amended and Restated Agreement and Plan of Merger, dated as of October 22, 2007, by and among Key, the Merger Sub and USB.

**Who We Are**

KeyCorp

127 Public Square

Cleveland, Ohio 44114-1306

(216) 689-6300

Key, publicly traded on the New York Stock Exchange, or the NYSE, was organized under the laws of the State of Ohio in 1958 and is registered as a bank holding company and a financial holding company under the Bank Holding Company Act of 1956, as amended, or the BHC Act. At June 30, 2007, Key was one of the nation's largest bank-based financial services companies with consolidated total assets of approximately \$94.1 billion. Its subsidiaries provide a wide range of retail and commercial banking, commercial leasing, investment management, consumer finance and investment banking products and services to individual, corporate and institutional clients across much of the United States. As of June 30, 2007, these services were provided through subsidiaries operating 954 full-service retail banking branches, a telephone banking call center services group and 1,432 ATMs in 17 states. In addition to the customary banking services of accepting deposits and making loans, Key's bank and trust company subsidiaries offer personal and corporate trust services, personal financial services, access to mutual funds, cash management services, investment banking and capital markets products, and international banking services. Through its subsidiary bank, trust company and registered investment adviser subsidiaries, Key provides investment management services to clients that include large corporate and public retirement plans, foundations and endowments, high net worth individuals and multiemployer trust funds established for providing pension, vacation or other benefits to employees. Key provides other financial services both inside and outside of its primary banking markets through its nonbank subsidiaries. These services include accident, health, and credit-life insurance on loans made by its subsidiary bank, principal investing, community development financing, securities underwriting and brokerage, merchant services, and other



financial services. Key is also an equity participant in a joint venture that provides merchant services to businesses.

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USB Holding Co. Inc.

100 Dutch Hill Rd.

Orangeburg, New York 10962

(845) 365-4600

USB, publicly traded on the NYSE, was incorporated under the laws of the State of Delaware in 1982 and is registered as a bank holding company under the BHC Act. At June 30, 2007, USB and its subsidiaries had consolidated total assets of approximately \$3.0 billion. USB and its subsidiaries derive substantially all of their revenue and income from providing banking and related financial services, primarily to customers in Rockland, Westchester, and Orange counties, New York, as well as in New York City, and in southern Connecticut. USB's banking subsidiary, Union State Bank, is a New York chartered commercial bank established in 1969. It offers a wide range of banking services to individuals, municipalities, corporations, and small and medium-size businesses through its 31 retail branches and 38 ATMs located in Rockland, Westchester and Orange counties, New York, Stamford, Connecticut, and New York City, New York. Union State Bank's products and services include checking accounts, NOW accounts, money market accounts, savings accounts (passbook and statement), certificates of deposit, retirement accounts, commercial, personal, residential, construction, home equity (second mortgage) and condominium mortgage loans, consumer loans, credit cards, safe deposit facilities, and other consumer oriented financial services. Union State Bank also makes available to its customers automated teller machines, debit cards, lock-box services, and Internet banking. The deposits of the bank are insured to the extent permitted by law pursuant to the Federal Deposit Insurance Act. Union State Bank also has several subsidiaries, including Dutch Hill Realty Corp, which owns and manages problem assets and real estate acquired in foreclosure from the bank; U.S.B. Financial Services, Inc., which offers sales of various financial products in conjunction with an arrangement with a third-party brokerage and insurance firm specializing in bank financial product sales; and USB Delaware Inc., which is the majority owner of TPNZ Preferred Funding Corporation, which manages certain mortgage-backed securities and mortgage loans.

## **The Merger**

We propose that USB merge with and into the Merger Sub, with the Merger Sub as the surviving entity of such merger. The separate existence of USB will terminate and the USB common stock will cease to be listed on the NYSE and will be cancelled as a consequence of the merger. The Key common shares will continue to be listed on the NYSE under the symbol KEY. Immediately following the merger, Key will cause the Merger Sub, as the surviving entity in the merger, to merge with and into Key, with Key being the surviving entity and continuing its existence under the laws of the State of Ohio. Subject to receipt of required regulatory approvals, we expect to complete the merger of USB with and into the Merger Sub in January 2008, although delays may occur.

## **Holders of USB Common Stock Will Receive Cash and Key Common Shares in the Merger (Page 36)**

In connection with the merger, you will receive \$8.925 in cash and 0.455 Key common shares for each of your shares of USB common stock. Pursuant to the merger agreement, the amount of Key common shares to be issued as part of the merger consideration is fixed. Because the market price of Key common shares will fluctuate, the market value of the Key common shares that USB stockholders will receive in the merger may increase or decrease both before and after the merger. However, the amount of the cash payment that holders of USB common stock will receive as part of the merger consideration will not change.

Key will not issue any fractional common shares in the merger. Instead, for each fractional common share that would otherwise be issued, Key will pay cash (without interest) in an amount equal to the fraction of a whole share that would otherwise have been issued, multiplied by the closing market price of Key common shares on the NYSE for the last NYSE trading day immediately preceding the date the merger is completed.

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Set forth below is a table showing a hypothetical range of prices for Key common shares and the corresponding value of the consideration that a USB common stockholder would receive in the merger. The following table shows the closing prices for Key common shares and USB common stock and the implied per share value (taking into consideration the \$8.925 in cash portion of the total merger consideration) in the merger to USB shareholders for the following dates and periods:

July 26, 2007, the last trading day before we announced the execution of the merger agreement;

July 27, 2007, the first trading day after we announced the execution of the merger agreement;

October 19, 2007, shortly before we mailed this document; and

the high, low and average closing values for the period from July 26, 2007 through October 19, 2007.

Date	Closing Price of		Implied Value Per Share of USB Common Stock (including \$8.925 per share in cash)
	Key Common Shares	USB Common Stock	
July 26, 2007	\$ 35.21	\$ 15.29	\$ 24.95
July 27, 2007	\$ 34.99	\$ 24.05	\$ 24.84
October 19, 2007	\$ 28.69	\$ 21.68	\$ 21.98
High (for period)	\$ 36.32	\$ 24.65	\$ 25.45
Low (for period)	\$ 28.69	\$ 15.29	\$ 21.98
Average (for period)	\$ 33.34	\$ 23.43	\$ 24.09

The amounts set forth above are hypothetical and are intended only to demonstrate the calculation of consideration payable under the merger agreement. The table does not reflect the fact that Key will not issue fractional shares in the merger, and will instead pay cash in lieu of such fractional shares. The actual market price of Key common shares will fluctuate both before and after completion of the merger. You should obtain current stock price quotations from a newspaper, over the Internet or by calling your broker. For more information regarding consideration of the merger, see The Merger Agreement Merger Consideration beginning on page 36.

**You Must Properly Surrender Your Shares of USB Common Stock (Page 37)**

At the time of mailing of this proxy statement/prospectus to the holders of record of USB common stock, the exchange agent will mail or deliver to holders of record a transmittal letter containing instructions about the surrender of certificates representing shares of USB common stock in exchange for Key common shares and the cash consideration. You must follow the surrender instructions in order to receive the merger consideration. **Please do not send your stock certificates with your proxy card for the special meeting.**

**Material Federal Income Tax Consequences of the Merger (Page 29)**

In the opinions of Sullivan & Cromwell LLP and Thacher Proffitt & Wood LLP, for United States federal income tax purposes, the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, and each of Key and USB will be a party to the reorganization within the meaning of Section 368(b) of the Code.

Upon the receipt of Key common shares and cash pursuant to the merger (other than cash in lieu of fractional Key common shares), in exchange for your USB common stock, you may recognize gain, but you will not recognize loss. If the sum of the fair market value of the Key common shares and the amount of cash you receive in exchange for your shares of USB common stock exceeds the adjusted basis of your shares of USB common stock, you will recognize taxable gain equal to the lesser of the amount of such excess or the amount of cash you receive in the exchange. Generally, any gain recognized upon the exchange will be capital



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gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of USB common stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income.

For a complete description of the material United States federal income tax consequences of the transaction, see **Material Federal Income Tax Consequences of the Merger** on page 29.

*Tax matters are very complicated and the consequences of the merger to any particular stockholder will depend on that stockholder's particular facts and circumstances. You are urged to consult your own tax advisors to determine your own tax consequences from the merger.*

### **Key's Dividend Policy Will Continue After the Merger; Coordination of Dividends (Page 37)**

Before the merger, USB will coordinate with Key regarding dividend declarations and the related record dates and payment dates so that USB stockholders will not receive two dividends, or fail to receive one dividend, for any single quarter.

Key expects to continue its common stock dividend policy after the merger, but this policy is subject to the determination of Key's board of directors and may change at any time. In the third quarter of 2007, Key declared a dividend of \$0.365 per Key common share and USB declared a dividend of \$0.15 per share of USB common stock. For comparison, USB stockholders would therefore receive a quarterly dividend following the merger equivalent to \$0.166 per share of USB common stock, based on Key's current quarterly dividend rate of \$0.365 per share, but not taking into account the value of cash portion of the merger consideration. We explain the value of the merger consideration above.

The payment of dividends by Key or USB on their common securities in the future, either before or, in the case of Key, after the merger is completed, is subject to the determination of the respective boards of directors of Key and USB and depends on cash requirements, financial condition and earnings, legal and regulatory considerations and other factors of Key and USB, respectively.

### **USB's Board of Directors Recommends That You Vote **FOR** the Merger (Page 20)**

USB's board of directors believes that the merger is in the best interests of USB and its stockholders and that the merger consideration is fair to USB stockholders, and the board of directors recommends that USB stockholders vote **FOR** adoption of the merger agreement and approval of the merger and the transactions contemplated thereby. For a discussion of the factors considered by the USB board of directors in reaching its decision to approve the merger agreement, the merger and the transactions contemplated thereby, see **The Merger Reasons for the Merger**.

### **Opinion of USB's Financial Advisor (Page 23)**

In connection with the merger, the USB board of directors received a written opinion from Keefe, Bruyette & Woods, Inc., or KBW, as to the fairness, from a financial point of view, of the merger consideration to be received by the holders of USB common stock. The full text of KBW's written opinion, dated July 25, 2007, is attached to this proxy statement/prospectus as *Appendix B*. You are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. KBW's opinion was provided to the USB board of directors in its evaluation of the merger consideration. KBW's opinion does not address any other aspect of the merger or any related transaction and does not constitute a recommendation to any USB stockholder with respect to any matters relating to the proposed merger. KBW's opinion will not reflect any developments that may occur or may have occurred after the date of the opinion and prior to completion of the merger. USB does not currently expect to

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request an updated opinion from KBW. USB agreed to pay KBW 1.00% of the market value of the aggregate consideration (as defined in the engagement agreement between USB and KBW) offered in exchange for the outstanding shares of common stock of USB, for its service in connection with the merger, all of which is contingent upon the completion of the merger.

### **USB Stockholder Vote Required to Approve the Plan of Merger (Page 19)**

Because more than a two-thirds majority of USB's board of directors approved the merger, adoption of the merger agreement and approval of the merger requires the affirmative vote of a majority of the shares of USB common stock outstanding. The merger agreement and the consummation of the transactions contemplated therein will not require the approval of the holders of Key common shares under the Ohio General Corporation Law, or the OGCL, the Delaware General Corporation Law, or the DGCL, or the rules of the NYSE.

As of the record date, USB directors and executive officers and their affiliates, who have entered into voting agreements with Key, held approximately 6,211,754 shares (or approximately 28% of the outstanding shares) of USB common stock entitled to vote at the special meeting.

As of the record date, Key held no shares of USB common stock and none of its directors and executive officers or their affiliates held any shares of USB common stock. See *The Merger Interests of Certain Persons in the Merger*. Subsidiaries of Key, as fiduciaries, custodians or agents, also held no shares of USB common stock.

### **USB's Directors and Executive Officers May Have Interests in the Merger that Differ from Your Interests (Page 32)**

Certain members of USB's management have interests in the merger in addition to, or different from, their interests solely as USB stockholders. For a discussion of these interests, see *The Merger Interests of Certain Persons in the Merger*.

### **USB Stockholders Have Dissenters' Rights of Appraisal (Page 50)**

Under Delaware law, USB stockholders are entitled to appraisal rights in connection with the merger.

If you are a stockholder of USB, you may elect to dissent from the merger by following the procedures set forth in Section 262 of the DGCL and receive the fair value of your shares of USB common stock in cash. For more information regarding your right to dissent from the merger, please read the section titled *Dissenters' Rights of Appraisal of USB stockholders*, beginning on page 50. We have also attached a copy of the relevant provisions of Section 262 of the DGCL as *Appendix C* to this proxy statement/prospectus.

### **We Have Agreed When and How USB Can Consider Third-Party Acquisition Proposals (Page 41)**

Under the terms of the merger agreement, USB will not initiate or solicit, or engage in negotiations with or provide confidential information to a third party regarding acquiring USB or its businesses. However, if USB receives an acquisition proposal from a third party, USB can participate in negotiations with and provide confidential information to the third party if, among other steps, USB's board of directors concludes in good faith that the proposal is a proposal that is superior to Key's merger proposal. USB's receipt of a superior proposal or participation in such negotiations does not give USB the right to terminate the merger agreement. In the event that USB's board of directors recommends such an acquisition proposal, USB may be obligated to pay Key a termination fee of \$21,000,000 under certain circumstances as described below under *USB Must Pay Key a Termination Fee Under Limited Circumstances*.

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### **The Merger Will Be Accounted for as a Purchase (Page 24)**

The merger will be treated as a purchase by Key of USB under generally accepted accounting principles in the United States, or GAAP.

### **We Must Meet Several Conditions to Complete the Merger (Page 44)**

Completion of the merger is subject to the satisfaction or waiver of various conditions, including the approval of the plan of merger by USB stockholders, as well as receipt of all required regulatory approvals. Although it is anticipated that all of these conditions will be satisfied, there can be no assurance as to whether or when all of the conditions will be satisfied or, where permissible, waived. For further details on these conditions, please see the section entitled "The Merger Agreement - Conditions to Completion of the Merger."

### **We Must Obtain Regulatory Approvals to Complete the Merger (Page 47)**

The Board of Governors of the Federal Reserve System and the New York State Banking Board must approve, or waive approval of, the merger and related transactions before the merger can be completed. Key and USB have filed applications and notifications to obtain the requisite regulatory approvals.

There can be no assurance that regulatory approvals will be obtained, that such approvals will be received on a timely basis, or that such approvals will not impose conditions or requirements that, individually or in the aggregate, would or could reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets or business of Key following completion of the merger.

### **We May Terminate the Merger Agreement (Page 45)**

The merger agreement may be terminated under certain circumstances without completing the merger, even if USB's stockholders have approved the merger agreement and the merger. Circumstances under which the merger agreement may be terminated include:

by the mutual consent of Key and USB;

by either party if:

the other party is in breach of a representation, warranty or covenant contained in the merger agreement, and the breach has not been cured within 45 days after written notice of such breach is given and that breach would also allow the non-breaching party not to complete the merger;

if any governmental entity that must grant a regulatory approval has issued a written denial of approval of the merger or any regulatory authority has issued a final and unappealable action prohibiting the completion of the merger; or

if the merger is not completed on or before January 31, 2008, but not by a party whose action or inaction caused such delay;

by USB (but not Key), without any action of the USB stockholders, at any time during the three business days following the date on which all regulatory approvals have been received, if (i) the market price of the Key common shares falls below \$30.73, and (ii) between July 26, 2007 and the date on which all regulatory approvals are received, the percentage decrease in the market price of the Key common shares is 15% greater than the percentage decrease in the KBW Bank Index, a modified capitalization weighted index of the 24 largest banking institutions trading in the U.S. public capital markets, in each case, as measured by using the average of the closing price of the Key common shares during the 10 consecutive trading days ending on the date all regulatory approvals are received; provided however, that Key may, without any action of the USB stockholders, prevent the termination of the merger agreement pursuant to the foregoing by increasing the aggregate merger consideration (the stock consideration and/or the cash

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consideration) to an amount that is not less than the aggregate value of the merger consideration that would have been in effect if the conditions specified in the foregoing clauses (i) and (ii) did not exist;



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by Key (but not USB) if (i) USB's board of directors submits the merger agreement and the other transactions contemplated thereby to its stockholders without a recommendation for approval or withdraws its recommendation or modifies its recommendation for approval in a manner adverse to the interest of Key, (ii) USB fails to substantially comply with its covenant not to solicit or encourage inquiries or proposals, in circumstances not permitted under the merger agreement, which covenant is described under The Merger Agreement Acquisition Proposals by Third Parties, or USB fails to convene a stockholder meeting in a prompt manner to vote upon the adoption and approval of the merger agreement, or (iii) the USB board of directors has recommended or endorsed a third party's acquisition proposal; or

by Key (but not USB) if any ASTM 1903 Phase II environmental assessment indicates the existence of any condition or matter with respect to which it is reasonably likely that the cost of investigation, monitoring, personal injury, property damage, clean up, remediation, penalties, fines or other liabilities relating to such condition or matter would exceed \$1,000,000 in the case of one parcel of real property owned by USB or any of its subsidiaries or \$3,000,000 in the case of all real property owned by USB or any of its subsidiaries, and such condition or matter has not been cured by USB within 45 days after written notice of such condition or matter is given by Key.

**USB Must Pay Key a Termination Fee Under Limited Circumstances (Page 46)**

USB must pay Key a fee equal to \$21,000,000 if one of the following situations occurs on or before certain specified dates:

USB's board of directors submits the merger agreement, the merger and the other transactions contemplated thereby to its stockholders without a recommendation for approval, or if the board otherwise withdraws or modifies its recommendation for approval in a manner adverse to the interest of Key;

USB fails to substantially comply with its covenant not to solicit or encourage inquiries or proposals with respect to any acquisition proposal, in circumstances not permitted under the merger agreement, which covenant is described under The Merger Agreement Acquisition Proposals by Third Parties;

USB fails to convene a meeting of its stockholders in a prompt manner to vote upon the adoption and approval of the merger agreement;

USB's board of directors recommends or endorses an acquisition proposal other than the merger; or

USB enters into an agreement to engage in a competing acquisition proposal with any person other than Key or any of Key's subsidiaries within 12 months following the termination of the merger agreement by Key as a result of a breach by USB of a representation, warranty or covenant contained in the merger agreement, which (i) was not cured within 45 days after written notice of such breach was given to USB, and (ii) gave Key the right to terminate the agreement.

**Key and USB May Amend or Waive Merger Agreement Provisions (Page 47)**

At any time before completion of the merger, either Key or USB may, to the extent legally allowed, waive in writing compliance by the other with any provision contained in the merger agreement. Subject to compliance with applicable law, Key and USB may amend the merger agreement by a written agreement at any time before or after USB's stockholders approve the merger agreement or the transactions contemplated thereby, except that if USB's stockholders have given their approval, an amendment of the merger agreement would require the merger agreement to be resubmitted to USB's stockholders.

Key may also change the structure of the merger, as long as any change does not (i) change the amount or type of consideration to be received by USB stockholders and the holders of options to purchase USB common



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stock, (ii) adversely affect the tax treatment of either Key, USB or their respective stockholders pursuant to the merger agreement, or (iii) materially impede or delay the completion of the merger.

**The Rights of USB Stockholders Following the Merger Will be Different (Page 58)**

The rights of Key shareholders are governed by the laws of the State of Ohio, including the OGCL, and by Key's amended and restated articles of incorporation and amended and restated regulations. The rights of USB stockholders are currently governed by Delaware law, including the DGCL, and by USB's restated certificate of incorporation and by-laws. Upon the completion of the merger, the rights of USB stockholders will be governed by the laws of the State of Ohio, Key's amended and restated articles of incorporation and Key's amended and restated regulations.

**Special Meeting of USB (Page 18)**

USB plans to hold its special meeting of stockholders on Wednesday, November 28, 2007, at 10:00 A.M. local time, at the Holiday Inn, 3 Executive Boulevard, Suffern, New York 10901. At the meeting USB stockholders will be asked to adopt the merger agreement and approve other matters required to be approved or adopted to effect the merger. USB stockholders may also be asked to vote upon a proposal to adjourn or postpone the special meeting. USB could use any adjournment or postponement of the special meeting for the purpose, among others, of allowing more time to solicit votes to adopt the merger agreement and approve the merger.

You can vote at the USB special meeting of stockholders if you owned USB common stock at the close of business on October 22, 2007, which has been fixed as the record date. As of October 19, 2007, the last trading day before the record date, there were 22,022,412 shares of USB common stock outstanding and entitled to vote. You can cast one vote for each share of USB common stock that you owned on that date.

**Comparative Market Value of Securities**

Key common shares are listed on the NYSE under the symbol KEY. USB common stock is listed on the NYSE under the symbol UBH. The following table sets forth the closing sale prices per Key common share and USB common stock in each case as reported on the NYSE on July 26, 2007, the last trading day before Key and USB announced the merger, and on October 19, 2007, the last practicable trading day before the distribution of this document.

	Key Common Shares Closing Price	USB Common Stock Closing Price
July 26, 2007	\$ 35.21	\$ 15.29
October 19, 2007	\$ 28.69	\$ 21.68

**Risk Factors (Page 15)**

In evaluating the merger and the merger agreement and before deciding how to vote your shares of USB common stock at the special meeting of the stockholders of USB, you should read this proxy statement/prospectus carefully and especially consider the factors, risks and uncertainties discussed in the section entitled Risk Factors.

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

The following table sets forth for Key and USB certain historical and *pro forma* financial information based on historical financial information and related notes that Key and USB have presented in their prior filings with the SEC. You should read the financial information provided in the following table together with this historical financial information and related notes. The historical financial information is also incorporated into this document by reference. See [Where You Can Find More Information](#) on page 69 for a description of where you can find this historical information.

	Six Months Ended June 30, 2007	Year Ended December 31, 2006
<b>Key</b>		
Income per share from continuing operations		
Historical	\$ 1.76	\$ 2.95
<i>Pro Forma</i> <sup>(1)</sup>	1.75	2.96
Income per share from continuing operations assuming dilution		
Historical	1.74	2.91
<i>Pro Forma</i> <sup>(1)</sup>	1.73	2.91
Dividends declared per share		
Historical	0.73	1.38
<i>Pro Forma</i> <sup>(1)</sup>	0.73	1.38
Book value per share		
Historical	19.78	19.30
<i>Pro Forma</i> <sup>(1)</sup>	20.29	19.81
<b>USB</b>		
Income per share from continuing operations		
Historical	\$ 0.60	\$ 1.45
Equivalent <i>Pro Forma</i> <sup>(2)</sup>	0.80	1.35
Income per share from continuing operations assuming dilution		
Historical	0.59	1.39
Equivalent <i>Pro Forma</i> <sup>(2)</sup>	0.79	1.32
Dividends declared per share		
Historical	0.30	0.57
Equivalent <i>Pro Forma</i> <sup>(2)</sup>		