

IN THE COURT OF COMMON PLEAS  
CUYAHOGA COUNTY, OHIO

IRVING LASSOFF

Plaintiff,

v.

KEYCORP, *et al.*

Defendants.

CASE NO. CV 15 855210

JUDGE PETER J. CORRIGAN

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED  
SETTLEMENT OF CLASS ACTION AND SETTLEMENT HEARING**

TO: ALL PERSONS OR ENTITIES WHO HELD SHARES OF KEYCORP ("KEYCORP" OR THE "COMPANY") COMMON STOCK, EITHER OF RECORD OR BENEFICIALLY, AT ANY TIME BETWEEN AUGUST 27, 2015 AND MARCH 23, 2016, INCLUDING ANY AND ALL OF THEIR RESPECTIVE SUCCESSORS IN INTEREST, PREDECESSORS, REPRESENTATIVES, TRUSTEES, EXECUTORS, ADMINISTRATORS, HEIRS, ASSIGNS OR TRANSFEREES, IMMEDIATE AND REMOTE, AND ANY PERSON OR ENTITY ACTING FOR OR ON BEHALF OF, OR CLAIMING UNDER ANY OF THEM, OTHER THAN THE DEFENDANTS, THEIR SUBSIDIARY COMPANIES, AFFILIATES, ASSIGNS, AND MEMBERS OF THEIR IMMEDIATE FAMILIES, AS THE CASE MAY BE (THE "CLASS").

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS ACTION. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS OF THE PROPOSED SETTLEMENT OR PURSUING THE "SETTLED CLAIMS" (DEFINED BELOW).

IF YOU ARE A NOMINEE WHO HELD KEYCORP COMMON STOCK FOR THE BENEFIT OF ANOTHER, READ THE SECTION BELOW ENTITLED "NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS."

**THE PURPOSE OF THIS NOTICE**

The purpose of this Notice is to inform you of a proposed settlement (the "Settlement") of the above captioned action (the "Action") pending before the Court of Common Pleas, Cuyahoga County, Ohio (the "Court"). Pursuant to the Settlement, plaintiff Irving Lassoff ("Plaintiff"), on his own behalf and on behalf of all members of the Class (defined herein), have agreed to dismiss with prejudice their claims against KeyCorp; Beth E. Mooney, Bruce D. Broussard, Joseph A. Carrabba, Charles P. Cooley, Alexander M. Cutler, H. James Dallas, Elizabeth R. Gile, Ruth Ann M. Gillis, William G. Gisel Jr., Richard L. Hipple, Kristen L. Manos, Demos Parneros, Barbara R. Snyder, and David K. Wilson (the "Defendants").

A hearing shall be held on July 8, 2016 at 10:00 a.m., before the Honorable Peter J. Corrigan in the Court of Common Pleas for Cuyahoga County, Ohio at 1200 Ontario Street, Cleveland, Ohio 44113 (the "Hearing") to determine: (a) whether the Court should finally certify the Action as a class action, without opt-out rights, pursuant to Ohio Rules 23(A), (B)(1) and (B)(2); (b) whether the Court should approve the proposed Settlement of the Action; (c) whether the Court should enter a final judgment dismissing the claims asserted in the Action on the merits and with prejudice as against Plaintiff and the Class; (d) if the Court approves the Settlement and enters such final judgment, whether the Court should grant the application of Plaintiff's counsel for an award of attorneys' fees and expenses to be paid by KeyCorp or its successor and/or its assigns; and (e) such other matters as may properly come before the Court.

This Notice describes the rights you may have under the proposed Settlement and what steps you may, but are not required to, take in relation to the proposed Settlement. If the Court approves the proposed Settlement, the parties to the Action will ask the Court at the Hearing, among other things, to enter the Order and Final Judgment dismissing all claims asserted in the Action with prejudice.

The Court has the right to adjourn the Hearing without further notice. The Court also has the right to approve the Settlement with or without modifications, to enter its final judgment dismissing the Action on the merits and with prejudice and to order the payment of attorneys' fees and expenses without further notice.

**THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON STATEMENTS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THE ACTION AND OF A HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY WISH TO TAKE IN RELATION TO THIS LITIGATION.**

### **BACKGROUND AND DESCRIPTION OF THE LITIGATION**

On October 30, 2015, KeyCorp and First Niagara Financial Group, Inc. ("First Niagara") announced that they had entered into an Agreement and Plan of Merger, pursuant to which KeyCorp will acquire First Niagara in a cash and stock transaction for total consideration valued at approximately \$4.1 billion (collectively, the "Transaction"), subject to approval by KeyCorp and First Niagara shareholders at special meetings subsequently scheduled for March 23, 2016.

On November 30, 2015, KeyCorp filed with the SEC a Preliminary Proxy Statement on Form S-4 containing, among other things, the Agreement and Plan of Merger ("Preliminary Proxy Statement").

On December 4, 2015, Plaintiff Irving Lassoﬀ filed a putative class action challenging the Transaction.

On January 7, 2016, after Defendants provided Plaintiff with reasonable, mutually agreeable discovery from KeyCorp and following arm's-length negotiations concerning the terms and conditions of a potential resolution of the Action, Plaintiff and Defendants reached an agreement in principle which was set forth in a Memorandum of Understanding (the "MOU").

On January 12, 2016, pursuant to the MOU, KeyCorp filed an amended Form S-4 with the SEC which disclosed, among other things, certain additional information regarding the Transaction (the "Supplemental Disclosures").

On January 22, 2016 and February 4, 2016, respectively, KeyCorp filed further amendments to the Form S-4 with the SEC (together with the January 12, 2016 amended Form S-4, the "Revised S-4").

On February 4, 2016, KeyCorp filed a definitive final proxy statement with the SEC (the "Final Proxy Statement").

After arm's-length negotiations as to the scope of discovery, KeyCorp produced certain board minutes and presentations, and Plaintiff's counsel took the deposition a representative of Morgan Stanley & Co. LLC ("Morgan Stanley"), a financial advisor to KeyCorp, on March 2, 2016.

On March 23, 2016, at a special meeting of KeyCorp shareholders, the shareholders voted to approve the Transaction.

On March 23, 2016, at a special meeting of First Niagara shareholders, the shareholders voted to approve the Transaction.

### **REASONS FOR THE SETTLEMENT**

Plaintiff has agreed to the Settlement only because he believes that it has provided KeyCorp's shareholders with a material benefit by obtaining the disclosure of material information necessary to cast an informed vote on the Transaction.

Plaintiff, through his counsel, has investigated the claims and allegations asserted in the Action, as well as the underlying events and transactions relevant to the Action, through public means as well as through confidential discovery and in consultations with financial experts. Based on their investigation and discovery, Plaintiff and Plaintiff's counsel believe that the claims asserted in the Action have merit based on proceedings to date, but having concluded that the proposed Settlement is fair and adequate and, recognizing the risk of further litigation, believe that it is reasonable to pursue the settlement of the Action based upon the substantial benefits and protections outlined and set forth in the Stipulation.

Defendants each have denied, and continue to deny, that they have committed or aided and abetted in the commission of any violation of law or breaches of duty or engaged in any of the wrongful acts alleged in the Action, and expressly maintain that they diligently and scrupulously complied with their fiduciary, disclosure, and all other legal duties. Defendants entered into the Stipulation solely because they contend and believe that the Settlement will eliminate the burden and expense of further litigation.

## **SUMMARY OF THE SETTLEMENT AND THE RELEASE AND DISMISSAL OF CLAIMS**

The terms of the Settlement are fully described in the Stipulation, on file with the Court, which is available for your inspection as discussed below under the heading "Scope of Notice." Capitalized terms used herein and not otherwise defined are deemed to have the same meaning as set forth in the Stipulation. The Settlement is subject to and becomes effective only upon approval by the Court. This Notice only includes a summary of various terms of the Settlement, and does not purport to be a comprehensive description of its terms, which are available for review as described below.

In summary, in consideration for the full settlement and release of all Settled Claims (as defined below), KeyCorp made the Supplemental Disclosures regarding the Transaction in a Form S-4 filed with the SEC on January 12, 2016. A copy of the Supplemental Disclosures is attached hereto as Exhibit A and the full Form S-4 is available at: <http://www.sec.gov/Archives/edgar/data/91576/000119312516426824/d15581ds4a.htm>.

Defendants acknowledge that the Plaintiff's efforts in the Action were the sole factor that caused KeyCorp to provide the Supplemental Disclosures. Other than any attorneys' fees and disbursements as may be awarded by the Court and the cost of providing this notice to the Class, Defendants shall have no other obligations, liabilities or responsibilities in connection with the proposed Settlement.

The Stipulation provides among other things that, if the Court approves the Settlement, each of the following will occur:

1. The Action will be dismissed with prejudice on the merits. This dismissal on the merits will be binding as to all Class members.

2. Upon Final Approval of the Settlement, and as shall be set forth in the Order and Final Judgment, any and all manner of claims, demands, rights, actions, causes of action, liabilities, damages, losses, obligations, judgments, amounts, duties, suits, costs, expenses, matters and issues known or unknown, asserted or unasserted, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, including Unknown Claims (as defined below), that have been, could have been, or in the future can or might be asserted in any court, tribunal or proceeding (including but not limited to any claims arising under federal, state, foreign or common law, including the federal securities laws and any state disclosure law (including claims under the federal securities laws within the exclusive jurisdiction of the federal courts)), by or on behalf of Plaintiff or any member of the Class (collectively, the "Releasing Persons"), whether individual, direct, class, derivative, representative, legal, equitable, or any other type or in any other capacity against Defendants (or any Defendant), or any of their respective families, parent entities, controlling persons, associates, predecessors, successors, affiliates or subsidiaries, and each and all of their respective past or present officers, directors, shareholders, stockholders, principals, representatives, employees, associates, attorneys, financial or investment advisors, consultants, accountants, investment bankers (including, for the avoidance of doubt, Morgan Stanley or any of its respective parent entities, controlling persons, associates, predecessors, successors, affiliates or subsidiaries, and each and all of their respective past or present officers, directors, shareholders, stockholders, principals, partners, representatives, employees, associates, attorneys, advisors, accountants, agents, heirs, executors, trustees, general or limited partners or partnerships, members, managers, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns), commercial bankers, entities providing fairness opinions, underwriters, brokers, dealers, insurers, advisors or agents, heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, members, managers, joint ventures, personal or legal representatives, estates, administrators, predecessors, successors and assigns (collectively, the "Released Persons") which have arisen, could have arisen, arise now or hereafter may arise out of or relate in any manner to the allegations, acts, events, facts, matters, transactions, occurrences, statements, representations, misrepresentations or omissions or any other matter, thing, or cause, whatsoever, or any series thereof, embraced, involved, set forth in or otherwise related, directly or indirectly, to (a) the matters alleged in any pleadings filed in the Action; (b) the Agreement and Plan of Merger and the transactions contemplated thereby, including the Transaction; (c) the Preliminary Proxy Statement, the Revised S-4, and the Final Proxy Statement, and any amendments, supplements or modifications thereto, and any other public disclosures made or to be made in connection with or regarding the Transaction; (d) the fiduciary obligations (including any disclosure obligations) of any of the Defendants or Released Persons in connection with the Agreement and Plan of Merger, the Transaction, the Preliminary Proxy Statement, the Revised S-4, and the Final Proxy Statement or any amendments, supplements or modifications to any of the foregoing, and any other public disclosures made or to be made in connection with or regarding the Transaction; (e) the negotiations in connection with the Agreement and Plan of Merger or the Transaction; or (f) any and all conduct by any of the Defendants or any of the other Released Persons arising out of or relating in any way to the negotiation or execution of the MOU, the Stipulation, and the Settlement (collectively, the "Settled Claims"), shall be fully and completely discharged, dismissed with prejudice on the merits, settled and released. Without limiting the generality of the foregoing, Settled Claims include all claims that were asserted in the Action (and issues related thereto) and/or could have been asserted to the extent such unasserted claims are or would be barred under principles of claim preclusion, issue

preclusion or collateral estoppel, by orders dismissing the Action with prejudice on the merits; provided, however, that the Settled Claims shall not include any claims to enforce the Settlement. For the avoidance of doubt, the Settled Claims do not include, and no Releasing Person is releasing, any claims under the federal securities laws that do not or did not, whether directly or indirectly, arise out of or relate to, in any respect, the Transaction, any amendment thereof, or the allegations in the Action.

3. Upon Final Approval of the Settlement, Defendants shall fully, finally, and forever release, relinquish, and discharge Plaintiff and Plaintiff's counsel from all claims, liabilities, sanctions, allegations or complaints (including Unknown Claims) arising out of, relating to, or in connection with, the institution, investigation, prosecution, assertion, settlement, or resolution of the Action or the Settled Claims (collectively, "Defendants' Released Claims").

4. The Settlement is intended to extinguish all Settled Claims and Defendants' Released Claims, including Unknown Claims, and, consistent with such intentions, the Releasing Persons and Defendants shall waive their rights to the extent permitted by state law, federal law, foreign law, or any principle of common law, that may have the effect of limiting the releases set forth above. "Unknown Claims" means any claim that a Releasing Person does not know or suspect exists in his, her or its favor at the time of the release of the Settled Claims as against the Released Persons, including without limitation those that, if known, might have affected the decision to enter into the Settlement, and any claim that a Defendant does not know or suspect exists in his, her, or its favor at the time of the release of the Defendants' Released Claims as against Plaintiff and Plaintiff's counsel, including without limitation those that, if known, might have affected the decision to enter into the Settlement. This shall include a waiver by the Releasing Persons and Defendants of any rights pursuant to § 1542 of the California Civil Code (or any similar, comparable or equivalent provision) which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiff acknowledges that members of the Class and/or other KeyCorp shareholders may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this release, but that it is their intention, as Plaintiff and on behalf of the Class, to fully, finally and forever settle and release any and all claims released hereby known or unknown, suspected or unsuspected, that now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery or existence of such additional or different facts. Plaintiff and the other parties to the Stipulation acknowledge, and the members of the Class by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Settled Claims" was separately bargained for and was a key element of the Settlement and was relied upon by each and all of the Defendants in entering into the Stipulation.

#### **INTERIM INJUNCTION AND STAY OF PROCEEDINGS**

Pursuant to the Order of Preliminary Approval of Settlement, pending final determination of whether the Settlement should be approved, Plaintiff and all members of the Class, and any of them, are barred and enjoined from commencing, instigating, instituting, maintaining, prosecuting, asserting, or participating in any action or other proceeding in any court of law or equity, arbitration tribunal, or administrative forum, or other forum of any kind, whether individual, class, derivative, representative, legal, equitable, or in any other capacity, asserting any of the Settled Claims against any of the Released Persons. In addition, all proceedings in the Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, have been stayed and suspended until further order of the Court.

#### **ATTORNEYS' FEES**

In connection with the Settlement of the Action, Plaintiff and Plaintiff's counsel intend to petition the Court for an award of attorneys' fees and expenses in an amount not to exceed \$200,000 (collectively, the "Fee Award"). Defendants agree not to oppose Plaintiff's counsel's request for such approval (provided it does not exceed the amounts noted above), both in the Court and on any appeal by any Class member.

The Fee Award shall be Plaintiff's and/or Plaintiff's counsel's sole application for an award of fees and expenses in connection with any litigation concerning the Transaction.

Final resolution by the Court of the Fee Award is not a precondition to the Settlement or the dismissal of the Action in accordance with the Settlement and the Stipulation, and the Fee Award may be considered separately from the Settlement. Neither any failure of the Court or any other court (including any appellate court) to approve the Fee Award in whole or in part, nor any other reduction, modification, or reversal of any amount awarded to Plaintiff's counsel by the

Court shall have any impact on the effectiveness of the Settlement, provide any of the parties with the right to terminate the Settlement or the Stipulation, or affect or delay the binding effect or finality of the Order and Final Judgment or the release of the Settled Claims. Except as provided herein, the Released Persons shall bear no other expenses, costs, damages, or fees alleged or incurred by the named Plaintiff, by any member of the Class, or by any of their attorneys, experts, advisors, agents or representatives.

### **TERMINATION**

The Stipulation shall be terminated, shall be deemed null and void, and shall have no further force or effect if any of the following events occur: (a) the Court does not certify the Class as a non-opt out class for settlement purposes under Ohio Rule 23; (b) the Court does not enter the Order and Final Judgment in substantially the form of Exhibit D to the Stipulation; or (c) the Court enters the Order and Final Judgment, but on or following appeal, remand, collateral attack, or other proceedings the Order and Final Judgment is modified or reversed in any material respect, unless counsel for each of the parties, within twenty (20) business days from receipt of such ruling or event, agrees in writing with counsel for the other parties to proceed with the Settlement, with such modifications, if any, as to which all other parties in each of their sole judgment and discretion may agree. In the event that the Settlement is not approved or is not consummated for any reason, Plaintiff's counsel reserve the right to apply for a mootness fee award and Defendants reserve all rights to oppose such application.

### **THE SETTLEMENT HEARING**

The Court has scheduled a Hearing which will be held on July 8, 2016 at 10:00 a.m., before the Honorable Peter J. Corrigan in the Court of Common Pleas for Cuyahoga County, Ohio at 1200 Ontario Street, Cleveland, Ohio 44113 to:

1. Determine whether the Action may be maintained as a class action and the Class should be certified, for settlement purposes, pursuant to Rules 23(A), (B)(1) and (B)(2) of the Ohio Rules of Civil Procedure;
2. Determine whether Plaintiff and Plaintiff's counsel have adequately represented the Class in the Action;
3. Determine whether the Stipulation, and the terms and conditions of the Settlement proposed in the Stipulation, are fair, reasonable and adequate to, and is in the best interests of the Class members and should be approved by the Court;
4. Determine whether the Order and Final Judgment should be entered dismissing the Action with prejudice as against Plaintiff and the Class, releasing and discharging with respect to Plaintiff and all Class members the Settled Claims against the Released Persons;
5. Hear and rule on any objections to the Settlement;
6. Consider an application of Plaintiff's counsel for an award of attorneys' fees and expenses, and any objections thereto; and
7. Rule on other such matters as the Court may deem appropriate.

### **RIGHT TO APPEAR AND OBJECT AT SETTLEMENT HEARING**

Any member of the Class who objects to the Settlement, the Order and Final Judgment to be entered in the Action, and/or Plaintiff's counsel's application for an award of attorneys' fees and expenses, or who otherwise wishes to be heard, may appear personally or by counsel at the Hearing and present evidence or argument that may be proper and relevant; provided, however, that no member of the Class may be heard and no papers or briefs submitted by or on behalf of any member of the Class shall be received and considered, except by Order of the Court for good cause shown, unless, no later than June 24, 2016, that Class member has filed with the Clerk of the Court of Common Pleas for Cuyahoga County, Ohio at 1200 Ontario Street, Cleveland, Ohio 44113, and served upon the attorneys listed below, copies of: (a) a written notice of intention to appear, identifying the name, address, email address, and telephone number of the objector and, if represented, counsel, (b) written proof of ownership of KeyCorp common shares (either of record or beneficially) at any time between August 27, 2015 through March 23, 2016, the record date for the KeyCorp special meeting relating to the consummation of the Transaction, and a statement certifying that the objector is a member of the Class, (c) a written detailed statement of such person's specific objections to any matter before the Court, (d) the grounds for such objections and any reasons for such person's desiring to appear and be heard, and (e) all documents and writings such person desires the Court to consider. These papers must be served upon the following attorneys by hand delivery, overnight mail, or electronic filing and service:

Jason M. Leviton  
Block & Leviton LLP  
155 Federal Street, Suite 400  
Boston, Massachusetts 02110

Craig S. Waldman  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017

Lead Counsel to Plaintiff and the Class

*Attorneys for Defendants KeyCorp, Beth E. Mooney, Bruce D. Broussard, Joseph A. Carrabba, Charles P. Cooley, Alexander M. Cutler, H. James Dallas, Elizabeth R. Gile, Ruth Ann M. Gillis, William G. Gisel, Jr., Richard L. Hipple, Kristen L. Manos, Demos Parneros, Barbara R. Snyder, and David K. Wilson*

Unless the Court otherwise directs, no member of the Class shall be entitled to object to the Settlement, the judgment to be entered herein, or the award of attorneys' fees and expenses to Plaintiff's counsel or otherwise to be heard, except by serving and filing written objections as described above. Any person who fails to object in the manner provided above shall be deemed to have waived such objection (including on any appeal) and shall forever be barred from making any such objection in the Action or in any other action or proceeding.

### **ORDER AND FINAL JUDGMENT OF THE COURT**

If the Settlement is approved by the Court, the parties will promptly request the Court to enter an Order and Final Judgment, which will, among other things:

1. Determine that the Action may proceed as a class action on behalf of the Class pursuant to Rules 23(A), (B)(1) and (B)(2) of the Ohio Rules of Civil Procedure for purposes of the Settlement;
2. Approve the Settlement, adjudge the terms of the Settlement to be fair, reasonable, and adequate to the Class, and direct consummation of the Settlement in accordance with the terms and conditions of the Stipulation;
3. Determine that the requirements of the Ohio Rules and due process have been satisfied in connection with notice to the Class;
4. Dismiss the Action with prejudice;
5. Release, settle, and discharge the Released Persons from and with respect to all Settled Claims;
6. Release, settle, and discharge Plaintiff, all other Class members, and Plaintiff's counsel from all claims, liabilities, sanctions, allegations or complaints, including Unknown Claims, arising out of or relating to the institution, investigation, prosecution, settlement, or resolution of the Action (other than claims by the parties to the Stipulation to enforce the terms of the Stipulation or Settlement);
7. Provide that the Order and Final Judgment, including the release of all Settled Claims against all Released Persons, shall have res judicata and other preclusive effect in all pending and future lawsuits, arbitrations or other proceedings maintained by or on behalf of, any of the Plaintiff and all other Class members; and
8. Bar and enjoin the Plaintiff and all other Class members from commencing or participating in any action or other proceeding asserting any of the Settled Claims against any of the Released Persons.

**SCOPE OF NOTICE**

This Notice does not purport to be a comprehensive description of the Action or the pleadings, the terms of the proposed Settlement, the scheduled Hearing, or other matters described herein. For more complete information concerning the Action and the proposed Settlement, you may inspect the pleadings, the Stipulation, and other papers and documents filed with the Court in the Action, during normal business hours at the office of the Clerk of the Court of Common Pleas for Cuyahoga County, Ohio at 1200 Ontario Street, Cleveland, Ohio 44113.

**IF YOU HAVE ANY QUESTIONS CONCERNING THIS NOTICE, THE ACTION, THE PROPOSED SETTLEMENT, OR THE SETTLEMENT HEARING THEREON, YOU SHOULD RAISE THEM WITH YOUR OWN COUNSEL OR DIRECT THEM TO COUNSEL FOR PLAINTIFF IN THIS ACTION, AT THE ADDRESS SET FORTH BELOW. PLEASE DO NOT CONTACT THE COURT OR THE CLERK OF THE COURT.**

Jason M. Leviton  
Block & Leviton LLP  
155 Federal Street, Suite 400  
Boston, Massachusetts 02110  
(617) 398-5600

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you held KeyCorp stock for the beneficial interest of a person or organization other than yourself at any time during the period from and including August 27, 2015 through and including March 23, 2016, within seven days of the receipt of this Notice you must either (a) provide to the Notice Administrator at the address below the name and last known address of each person or organization for whom or which you held any such securities during such time periods; or (b) request additional copies of this Notice from the Notice Administrator at the address below, which will be provided to you free of charge, and, within seven days of your receipt of such copies, mail the Notice directly to the beneficial owners of the securities referred to herein. You are entitled to reimbursement from KeyCorp or its successor(s) in interest for your reasonable expenses incurred in connection with the foregoing, including reimbursement of postage expenses and the cost of ascertaining the names and addresses of beneficial owners. These expenses will be paid by KeyCorp or its successor(s) in interest upon request and submission of appropriate supporting documentation to the Company. All communications concerning the foregoing should be addressed to the Notice Administrator at the following address:

KeyCorp Shareholder Litigation  
c/o GCG  
PO Box 10293  
Dublin, OH 43017-5893

Dated: April 12, 2016

BY ORDER OF THE COURT OF COMMON PLEAS  
FOR CUYAHOGA COUNTY, OHIO

## EXHIBIT A

### SUPPLEMENTAL DISCLOSURES (EXCERPTED FORM S-4)

#### Opinion of KeyCorp's Financial Advisor

KeyCorp retained Morgan Stanley to provide it with financial advisory services in connection with a possible acquisition of First Niagara, and, if requested by KeyCorp, a financial opinion with respect thereto. KeyCorp selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation and its knowledge of the business and affairs of KeyCorp. Morgan Stanley rendered to the KeyCorp Board of Directors at its special meeting on October 29, 2015 its oral opinion, subsequently confirmed by delivery of a written opinion dated October 29, 2015, that, as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth therein, the merger consideration to be paid by KeyCorp pursuant to the merger agreement was fair, from a financial point of view, to KeyCorp.

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

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

- reviewed certain publicly available financial statements and other business and financial information of KeyCorp and First Niagara, respectively;
- reviewed certain internal financial statements and other financial and operating data concerning KeyCorp and First Niagara, respectively;
- reviewed Institutional Brokers' Estimate System ("IBES") consensus estimates relating to KeyCorp;
- reviewed IBES consensus estimates relating to First Niagara that were adjusted pursuant to guidance from management of KeyCorp;
- discussed the past and current operations and financial condition and the prospects of First Niagara with senior executives of First Niagara;
- discussed the past and current operations and financial condition and the prospects of KeyCorp, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of KeyCorp;
- reviewed the pro forma impact of the merger on KeyCorp's earnings per share ("EPS"), cash flow, consolidated capitalization and financial ratios;
- reviewed the reported prices and trading activity for First Niagara's common stock and KeyCorp's common shares;
- compared the financial performance of First Niagara and KeyCorp and the prices and trading activity of First Niagara common stock and KeyCorp common shares with that of certain other publicly-traded companies comparable with First Niagara and KeyCorp, respectively, and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

- participated in certain discussions and negotiations among representatives of First Niagara and KeyCorp and their financial and legal advisors;
- reviewed the merger agreement and certain related documents; and
- performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

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

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

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

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

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

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

For the implied value range of First Niagara on a standalone basis, Morgan Stanley used IBES EPS estimates for fiscal years 2016 and 2017 of \$0.61 and \$0.69, respectively, and applied a long-term EPS growth rate of 5% thereafter to determine First Niagara's EPS during fiscal years 2018 through 2021. These EPS estimates were then used to estimate First Niagara's annual free cash flows for 2016 through 2021. To determine implied value per share, Morgan Stanley considered a range of discount rates from 8% to 10% and a range of terminal values based on a multiple of estimated net

income in 2021 of 14x to 16x. Utilizing the range of discount rates and terminal value multiples, Morgan Stanley derived an implied valuation range of present value indications per share of First Niagara common stock ranging from \$7.68 to \$9.58.

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

For the implied value range of First Niagara on a pro forma basis, ~~Morgan Stanley used IBES earnings and, with the permission pursuant to guidance from management of KeyCorp, Morgan Stanley relied on used a different case starting with IBES EPS estimates for fiscal years 2016 and 2017 of \$0.61 and \$0.69, respectively, applying a long-term EPS growth rate of 5% thereafter to determine First Niagara's EPS during fiscal years 2018 through 2021 and, pursuant to guidance from management of KeyCorp, adjusting for~~ assumptions made by KeyCorp regarding merger synergies, the impact and timing of cost savings, balance sheet repositioning and other transaction adjustments that were assumed by management of KeyCorp. The key acquisition assumptions provided by KeyCorp management and reflected in this case were cost savings of approximately 40% of First Niagara's current non-interest expense (approximately \$400 million pre-tax), one-time merger and integration expenses of approximately \$550 million, over an approximately two-year period, an approximate 3% discount to the book value of First Niagara's gross loans, a core deposit intangible asset valued at approximately 1.5% of First Niagara's core deposits, and balance sheet repositioning of First Niagara's portfolio of non-government, non-agency and non-Ginnie Mae credit related securities into more liquidity coverage ratio-compliant securities. These EPS estimates were then used to estimate annual free cash flows for First Niagara with synergies for 2016 through 2021. To determine implied value per share, Morgan Stanley considered a range of discount rates from 9% to 11% and a range of terminal values based on a multiple of estimated net income in 2021 of 11x to 13x. Utilizing the range of discount rates and terminal value multiples, Morgan Stanley derived an implied valuation range of present value indications per share of First Niagara common stock ranging from \$10.58 to \$13.96.

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

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#### ***KeyCorp Discounted Cash Flow Analysis***

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

For the implied value range of KeyCorp on a standalone basis, Morgan Stanley reviewed publicly available filings and IBES EPS estimates on KeyCorp for 2016 and 2017 and 2018 of \$1.21, \$1.38, and \$1.50 respectively and a 5% long-term EPS growth rate thereafter to determine EPS during fiscal years 2019 through 2021. These EPS estimates were then used to estimate KeyCorp's annual free cash flows for 2016 through 2021. To determine implied value per share, Morgan Stanley considered a range of discount rates from 9% to 11% and a range of terminal values based on a multiple of estimated net income in 2021 of 11x to 13x. Utilizing the range of discount rates and terminal value multiples, Morgan Stanley derived an implied valuation range of present value indications per KeyCorp common share ranging from \$13.19 to \$16.30.