

KEYCORP /NEW/  
Form 424B3  
March 21, 2011

**Table of Contents**

This pricing supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but it is not complete and may be changed. This pricing supplement and the accompanying prospectus and prospectus supplement are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-151608**

**SUBJECT TO COMPLETION, DATED MARCH 21, 2011**

**PRICING SUPPLEMENT**

**(To Prospectus dated June 12, 2008 and  
Prospectus Supplement dated June 20, 2008)**

**Senior Medium-Term Notes, Series I**

**\$  
% Senior Notes, due**

This pricing supplement describes the series of our senior notes that will be issued under our medium-term note program, Series I. We refer to our % senior notes, due as the notes. This pricing supplement supplements the terms and conditions in the prospectus, dated June 12, 2008, as supplemented by the prospectus supplement, dated June 20, 2008 (as so supplemented, together with all documents incorporated by reference, the Prospectus ), which should be read together with this pricing supplement. The notes are unsecured and rank equally with all of our other unsecured and senior indebtedness outstanding from time to time. We do not intend to list any series of the notes on any securities exchange.

The notes will mature on , and will be issued in minimum denominations of \$1,000 and any larger amount that is a whole multiple of \$1,000. Interest on the notes will accrue from , 2011. We will pay interest on the notes semiannually in arrears on and of each year, beginning , 2011. Interest will be paid to the persons in whose name the notes are registered at the close of business on and preceding each interest payment date, whether or not a business day. Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months. If the maturity date or an interest payment date for the notes is not a business day, we will pay principal, premium, if any, and interest for the notes on the next business day, and no interest will accrue from and after the maturity date or interest payment date. The notes will not be subject to any sinking fund.

We intend to use the net proceeds of this offering, the net proceeds of our recently commenced offering of our common shares, par value \$1.00 per share ( Common Shares ), described under Recent Developments Common Equity Offering ( common equity offering ), and other available funds to repurchase all \$2.5 billion of the Fixed Rate Cumulative Perpetual Preferred Stock, Series B, par value \$1.00 per share, with a liquidation preference of \$100,000 per share ( Series B Preferred Stock ), that we issued to the United States Department of the Treasury (the U.S. Treasury ) as part of its TARP Capital Purchase Program (the CPP ). Our repurchase of our Series B Preferred Stock will take place at such time as the U.S. Treasury authorizes such repurchase. See Use of Proceeds. Although we intend to use the net proceeds of this offering, the net proceeds of the common equity offering, and other available funds to repurchase our Series B Preferred Stock, the consummation of this offering is not conditioned upon the consummation of the common equity offering or the repurchase.

**Investing in the notes involves risk. See Risk Factors beginning on page S-3 of the accompanying prospectus supplement for certain information relevant to an investment in the notes, and the discussion of risk factors contained in our annual, quarterly and current reports filed with the Securities and Exchange Commission (the SEC ) under the Securities Exchange Act of 1934, which are incorporated by reference into this Prospectus.**

**The notes are not savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured or guaranteed by the Federal Deposit Insurance Corporation (the FDIC ) or any other governmental agency.**

**None of the SEC, any state securities commission, the FDIC, the Board of Governors of the Federal Reserve System (the Federal Reserve ) or any other regulatory body have approved or disapproved of the notes or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.**

	<b>Per Note<sup>(1)</sup></b>	<b>Total</b>
Public offering price	%	\$
Agents commissions	%	\$
Proceeds (before expenses) to KeyCorp	%	\$

<sup>(1)</sup> Plus accrued interest, if any, from , 2011, if settlement occurs after that date.

We expect to deliver the notes to investors through the book-entry delivery system of The Depository Trust Company and its direct participants, including Euroclear and Clearstream, on or about , 2011.

*Joint Bookrunners*

**J.P. Morgan**

**KeyBanc Capital Markets**

**Morgan Stanley**

, 2011

---

**TABLE OF CONTENTS**

**Pricing Supplement**

	<b>Page</b>
<u>About This Pricing Supplement</u>	PS-1
<u>Recent Developments</u>	PS-1
<u>Use of Proceeds</u>	PS-3
<u>Material United States Tax Considerations</u>	PS-4
<u>Supplemental Information Concerning the Plan of Distribution (Conflicts of Interest)</u>	PS-5
<u>Validity of Securities</u>	PS-7

**Prospectus Supplement**

	<b>Page</b>
<u>About This Prospectus Supplement</u>	ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-3
<u>Forward-Looking Statements</u>	S-7
<u>Selected Consolidated Financial Information</u>	S-8
<u>KeyCorp</u>	S-10
<u>Use of Proceeds</u>	S-11
<u>Description of Notes</u>	S-12
<u>Special Provisions Relating to Foreign Currency Notes</u>	S-40
<u>Material United States Tax Considerations</u>	S-42
<u>Plan of Distribution</u>	S-52
<u>Certain ERISA Considerations</u>	S-53
<u>Validity of the Notes</u>	S-54
<u>Experts</u>	S-54

**Prospectus**

	<b>Page</b>
<u>Where You Can Find More Information</u>	1
<u>Consolidated Earnings Ratios</u>	2
<u>Validity of Securities</u>	2
<u>Experts</u>	2

---

**Table of Contents**

**ABOUT THIS PRICING SUPPLEMENT**

You should rely only on the information contained or incorporated by reference in this pricing supplement. We have not, and the agents have not, authorized any person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it in making a decision about whether to invest in the notes. We are not, and the agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this pricing supplement, the accompanying prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since such dates.

Because the notes are part of a series of our debt securities called Medium-Term Notes, Series I, this pricing supplement, the accompanying prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein should be read together. Terms used but not defined in this pricing supplement have the meanings given them in the accompanying prospectus supplement or the accompanying prospectus, unless the context requires otherwise. If there is any inconsistency between the information in this pricing supplement and the accompanying prospectus supplement or prospectus, you should rely on the information in this pricing supplement. Unless otherwise indicated or unless the context requires otherwise, all references in this pricing supplement to we, us, our or similar references mean KeyCorp and its consolidated subsidiaries.

**RECENT DEVELOPMENTS**

**Anticipated Repurchase of Our Series B Preferred Stock**

In November 2008, as part of the CPP, we issued 25,000 shares of our Series B Preferred Stock to the U.S. Treasury pursuant to a Letter Agreement dated November 14, 2008, and the Securities Purchase Agreement – Standard Terms attached thereto (the Securities Purchase Agreement ) for an aggregate purchase price of \$2.5 billion. In connection with purchasing our Series B Preferred Stock, the U.S. Treasury also received a warrant to purchase 35,244,361 of our Common Shares at an initial per share exercise price of \$10.64 (the Warrant ), subject to certain adjustments, which expires ten years from the issuance date, and we agreed to provide the U.S. Treasury with registration rights covering the Warrant and the underlying Common Shares. Following completion of this offering and the common equity offering described in Common Equity Offering below, we intend to repurchase all 25,000 shares of our Series B Preferred Stock issued to the U.S. Treasury at such time as the U.S. Treasury authorizes it; such repurchase will be made at an aggregate purchase price of \$2.5 billion plus accrued and unpaid dividends to the date of repurchase. We will use the net proceeds of this offering, the net proceeds of the common equity offering, and other available funds for the repurchase of our Series B Preferred Stock. See Use of Proceeds below.

In the period in which we repurchase our Series B Preferred Stock, we will accelerate the amortization of the issuance discount on our Series B Preferred Stock and record a corresponding reduction in retained earnings, which may impact earnings per Common Share (i.e., reduce net income available to holders of our Common Shares in an amount equal to the issuance discount accelerated). The issuance discount is due to the carrying value of our Series B Preferred Stock being less than its liquidation value, as the carrying value of our Series B Preferred Stock is based on its fair value at issuance. As of December 31, 2010, the amount of the issuance discount on our Series B Preferred Stock was \$53.26 million. Following completion of this offering and repurchase of our Series B Preferred Stock, and taking into account the common equity offering and other adjustments including our deferred tax asset, we expect that our pro forma Tier 1 risk-based capital and Tier 1 common equity ratios will be 12.75% and 10.08%, based on the December 31, 2010 ratios of 15.16% and 9.34%, respectively.



**Table of Contents**

**Common Equity Offering**

On March 18, 2011, we commenced and priced a separate registered public offering of 70,621,470 of our Common Shares at a price to the public of \$8.85 per share, or \$625,000,010 in aggregate gross proceeds. The underwriters may also purchase up to an additional 7,062,147 of our Common Shares at a price to the public of \$8.85 per share within 30 days to cover over-allotments, if any. The common equity offering is scheduled to be consummated on March 23, 2011, subject to satisfaction of certain standard conditions to closing set forth in the underwriting agreement for that offering. We intend to use the proceeds from the common equity offering, this offering, and other available funds to enable us to proceed with our proposed repurchase of our Series B Preferred Stock. Neither the consummation of this offering of notes nor the common equity offering is conditioned on the other. This pricing supplement is not an offer to sell any such Common Shares; any offer to sell such Common Shares will be made only by a separate prospectus supplement.

**Supervisory Capital Assessment Program**

In November 2010, the Federal Reserve issued Revised Temporary Addendum to Supervisory Letter SR 09-4 (the Revised Addendum ). The Revised Addendum outlines specific criteria the Federal Reserve will consider when evaluating proposed capital actions by the 19 largest U.S. banking institutions that participated in the Federal Reserve s Supervisory Capital Assessment Program ( SCAP ), including KeyCorp ( SCAP BHCs ), including actions such as increasing dividends, implementing common stock repurchase programs, or redeeming or repurchasing capital instruments more broadly. The Revised Addendum requires the Federal Reserve to assess the capital adequacy of SCAP BHCs based upon a review of each SCAP BHC s comprehensive capital plan, which we submitted to the Federal Reserve and the Office of the Comptroller of the Currency on January 7, 2011.

Based upon communications with the Federal Reserve in conjunction with its assessment of our comprehensive capital plan, we anticipate that, upon completion of this offering and our common equity offering, we will have sufficient capital to repurchase our Series B Preferred Stock held by the U.S. Treasury and either repurchase the Warrant, whether directly from the U.S. Treasury or if and when the U.S. Treasury auctions the Warrant, or repurchase our Common Shares in an amount expected to be sufficient to offset the estimated dilution to our equity that would occur if the Warrant were exercised.

**Table of Contents**

**USE OF PROCEEDS**

We expect to receive net proceeds from this offering of approximately \$ , after deducting estimated expenses and underwriting discounts and commissions.

Based upon communications with the Federal Reserve in conjunction with its assessment of our comprehensive capital plan, we anticipate that, upon completion of this offering and our common equity offering, we will have sufficient capital to repurchase our Series B Preferred Stock held by the U.S. Treasury. Accordingly, we intend to notify the U.S. Treasury of our intent to repurchase all of the 25,000 outstanding shares of our Series B Preferred Stock. If permitted to do so, we expect to fund any such repurchase with the net proceeds of this offering, the net proceeds of our common equity offering, and \$ of other available funds. See Summary Recent Developments Common Equity Offering above. We would repurchase our Series B Preferred Stock at its \$100,000 per share liquidation preference, plus accrued and unpaid dividends. Although we anticipate that we will be permitted to repurchase our Series B Preferred Stock following consummation of this offering and the common equity offering, there can be no assurance that we will be authorized by the U.S. Treasury to repurchase our Series B Preferred Stock.

While we intend to use the net proceeds of this offering, the net proceeds of our common equity offering, and other available funds to repurchase our Series B Preferred Stock, the consummation of this offering is not conditioned upon the consummation of the debt offering or repurchase.

If we do not repurchase our Series B Preferred Stock, we will use the net proceeds of the sale of the notes for general corporate purposes.

Upon completion of any repurchase of our Series B Preferred Stock, we may seek to repurchase the Warrant issued to the U.S. Treasury, whether directly from the U.S. Treasury or if and when the U.S. Treasury auctions the Warrant. Alternatively, we may decide not to or be unable to repurchase the Warrant. In such event, we may choose (but are not required) to repurchase our Common Shares in an amount sufficient to offset the estimated dilution to our equity that would occur if the Warrant were exercised. If we do not repurchase the Warrant, the U.S. Treasury may exercise the Warrant or sell the Warrant to third parties. Any such repurchase of the Warrant or our Common Shares would be subject to the approval of our federal bank regulators.

PS-3

---



**Table of Contents**

**MATERIAL UNITED STATES TAX CONSIDERATIONS**

For a brief description of the tax effects of an investment in the notes, see Material United States Tax Considerations on page S-42 of the accompanying prospectus supplement. The following supplements the discussion contained therein.

Please see the discussion under Material United States Taxation Considerations Backup Withholding and Information Reporting of the accompanying prospectus supplement for a description of the applicability of the backup withholding and information reporting rules to payments made on the notes. In addition, pursuant to recently enacted legislation, payments on the notes made to corporate U.S. holders after December 31, 2011 may be subject to information reporting and backup withholding.

For taxable years beginning after December 31, 2012, a U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% Medicare tax on the lesser of (1) the U.S. holder's net investment income for the relevant taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the notes.

PS-4

---

**Table of Contents****SUPPLEMENTAL INFORMATION CONCERNING THE  
PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)**

On \_\_\_\_\_, 2011, we entered into an agreement with the agents identified below for the purchase and sale of the notes. We have agreed to sell to each of the agents, and each of the agents has agreed to purchase from us, the principal amount of the notes shown opposite its name below, at the public offering price set forth above.

<b>Name</b>	<b>Principal Amount</b>
J.P. Morgan Securities LLC	\$
Morgan Stanley & Co. Incorporated	
KeyBanc Capital Markets Inc.	
<b>Total</b>	<b>\$</b>

The agents may sell the notes to certain broker-dealers at the public offering price, less a concession which will not exceed the percentage of their principal amount set forth below. The agents and those broker-dealers may resell the notes to other broker-dealers at a reallowance discount which will not exceed the percentage of their principal amount set forth below.

Concession	%
Reallowance discount	%

After the initial offering of the notes, these concessions and reallowance discounts may change.

We estimate that the total offering expenses for the notes, excluding the agents' commissions, will be approximately \$ \_\_\_\_\_.

**Sales outside the United States**

Other than in the United States, no action has been taken by us or the agents that would permit a public offering of the notes offered by this pricing supplement in any jurisdiction where action for that purpose is required. The notes offered by this pricing supplement may not be offered or sold, directly or indirectly, nor may this pricing supplement or any other offering material or advertisements in connection with the offer and sale of any such notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this pricing supplement comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this pricing supplement. This pricing supplement does not constitute an offer to sell or a solicitation of an offer to buy the notes offered by this pricing supplement in any jurisdiction in which such an offer or a solicitation is unlawful.

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State ), an offer to the public of the notes that are the subject of the offering contemplated by this pricing supplement may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the agents for any such offer; or

PS-5

---

## **Table of Contents**

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall result in a requirement for the publication by us or any agent of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase any notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

## **United Kingdom**

Each agent has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA )) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

## **Hong Kong**

The notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (2) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

## **Japan**

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law), and each agent has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

**Singapore**

This pricing supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this pricing supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor

PS-6

---

**Table of Contents**

may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA ), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, (2) where no consideration is given for the transfer, or (3) by operation of law.

**Conflicts of Interest**

Because KeyBanc Capital Markets Inc., our affiliate, is a joint book-running manager, this offering is being conducted in compliance with FINRA Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering. KeyBanc Capital Markets Inc. is not permitted to sell notes in this offering to accounts over which it exercises discretionary authority without the prior specific written approval of the account holder.

**VALIDITY OF SECURITIES**

The validity of the notes offered hereby will be passed upon for us by Squire, Sanders & Dempsey (US) LLP, Cleveland, Ohio, and for the agents by Sullivan & Cromwell LLP, New York, New York. Sullivan & Cromwell LLP will rely upon the opinion of Squire, Sanders & Dempsey (US) LLP as to matters of Ohio law. Sullivan & Cromwell LLP regularly performs legal services for us and our subsidiaries.

PS-7

---

**Table of Contents**

Filed Pursuant To Rule 424(b)(5)  
Registration No. 333-151608

**PROSPECTUS SUPPLEMENT  
(To Prospectus dated June 12, 2008)**

**KeyCorp**

**Senior Medium-Term Notes, Series I  
Subordinated Medium-Term Notes, Series J  
Due 9 Months or More from Date of Issue**

We may use this prospectus supplement to offer our medium-term notes from time to time. The specific terms of each note offered will be included in a pricing supplement. Unless the applicable pricing supplement specifies otherwise, they will have the following general terms:

Ranking as our senior or subordinated indebtedness

Stated maturities of 9 months or more from date of issue

Redemption and/or repayment provisions, whether mandatory, at our option, at the option of the holders or none at all

Payments in U.S. dollars or one or more foreign currencies

Book-entry (through The Depository Trust Company) or certificated form

Interest payments on fixed rate notes on each June 15 and December 15

Interest payments on floating rate notes on a monthly, quarterly, semiannual or annual basis

Interest at fixed or floating interest rates or as zero coupon notes without cash interest. We may base the floating interest rate on one or more of the following indices plus or minus a spread and/or multiplied by a spread multiplier, or such other interest basis or interest rate formula as we may specify in the applicable pricing supplement:

CD Rate	EURIBOR
CMS Rate	Federal Funds Rate
CMT Rate	LIBOR
Commercial Paper Rate	Prime Rate
Eleventh District Cost of Funds Rate	Treasury Rate

The notes may be issued at a discount from the principal amount payable at maturity, resulting in then constituting original issue discount notes

We will specify the final terms for each note in the applicable pricing supplement, which may be different from the terms described in this prospectus supplement.

These notes are our obligations and will not be savings accounts or other obligations of our bank or nonbank subsidiaries. These notes are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. The notes are not secured. **Investing in the notes involves certain risks. See Risk Factors beginning on page S-3 for certain information relevant to an investment in the notes.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement, the accompanying prospectus or any pricing supplement is truthful or complete. Any representation to the contrary is a criminal offense.

We may sell the notes to the agents listed below as principals for resale at varying or fixed offering prices or through the agents using their reasonable best efforts on our behalf. We may also sell notes directly to investors on our own behalf or appoint other agents. If we use agents, commissions payable in respect of sales of notes will be specified in the applicable pricing supplement.

**Citi**

**Banc of America Securities LLC  
Deutsche Bank Securities  
HSBC  
Keefe, Bruyette & Woods  
Lehman Brothers  
Morgan Stanley**

**Credit Suisse  
Goldman, Sachs & Co.  
JPMorgan  
KeyBanc Capital Markets  
Merrill Lynch & Co.  
UBS Investment Bank  
Wachovia Securities**

June 20, 2008

---



**Table of Contents**

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any pricing supplement. We have not, and the Agents have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the Agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any pricing supplement is accurate as of its date only. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement to we, us, our or similar references mean KeyCorp.

**TABLE OF CONTENTS****Prospectus Supplement**

	<b>Page</b>
<u>About This Prospectus Supplement</u>	ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-3
<u>Forward-Looking Statements</u>	S-7
<u>Selected Consolidated Financial Information</u>	S-8
<u>KeyCorp</u>	S-10
<u>Use of Proceeds</u>	S-11
<u>Description of Notes</u>	S-12
<u>Special Provisions Relating to Foreign Currency Notes</u>	S-40
<u>Material United States Tax Considerations</u>	S-42
<u>Plan of Distribution</u>	S-52
<u>Certain ERISA Considerations</u>	S-53
<u>Validity of the Notes</u>	S-54
<u>Experts</u>	S-54

**Prospectus**

	<b>Page</b>
<u>Where You Can Find More Information</u>	1
<u>Consolidated Earnings Ratios</u>	2
<u>Validity of Securities</u>	2
<u>Experts</u>	2

---

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement sets forth certain terms of the notes that we may offer, and it supplements the general information contained in the accompanying prospectus. This prospectus supplement supersedes the accompanying prospectus to the extent that it contains information which differs from the information in the accompanying prospectus.

Each time we issue notes, we will provide a pricing supplement to this prospectus supplement. The pricing supplement will contain the specific description of the notes that we are offering and the terms of the offering. The pricing supplement will supersede this prospectus supplement or the accompanying prospectus to the extent that it contains information which differs from the information contained in this prospectus supplement or the accompanying prospectus.

In making your investment decision, it is important for you to read and consider all information contained in this prospectus supplement and in the accompanying prospectus and the applicable pricing supplement. You should also read and consider the information contained in the documents identified under the heading "Where You Can Find More Information" of the accompanying prospectus.

**Table of Contents****SUMMARY**

*This section summarizes the legal and financial terms of the notes that are described in more detail in Description of Notes beginning on page S-12. Final terms of any particular notes will be determined at the time of sale and will be contained in the pricing supplement relating to those notes. The terms in that pricing supplement may vary from and supersede the terms contained in this summary and in Description of Notes. This summary is not complete and does not contain all the information that you should consider before investing in the notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, especially the risks of investing in the notes set forth under the caption Risk Factors beginning on page S-3, to determine whether an investment in the notes is appropriate for you.*

Issuer	KeyCorp.
Description	Senior Medium-Term Notes, Series I, and Subordinated Medium-Term Notes, Series J.
Amount	We may issue an unspecified amount of notes in connection with these series. The notes will not contain any limitations on our ability to issue additional indebtedness with terms similar to the notes or otherwise.
Denominations	Unless otherwise stated in the applicable pricing supplement, the minimum denomination of the notes will be \$1,000 and any larger amount that is a whole multiple of \$1,000.
Ranking	The Series I notes will rank equally with all of our other unsecured and unsubordinated indebtedness that is not accorded a priority under applicable law. The Series J notes will be subordinated in right of payment to the prior payment in full of our senior indebtedness and, in certain insolvency events, other senior obligations as defined and described in the indenture for the notes. See Description of Notes General.
Maturity	Unless otherwise specified in the applicable pricing supplement, each note will mature on a stated maturity date nine months or more from its date of issue. Notes may be renewable or extendable.
Interest	Each note will bear interest from its issue date at fixed or floating interest rate or as zero coupon notes without cash interest as specified in the applicable pricing supplement. We may base the floating interest rate on one or more of the following indices, plus or minus an applicable spread and/or multiplied by a spread multiplier, or such other interest basis or interest rate formula as we may specify in the applicable pricing supplement: CD Rate, CMS Rate, CMT Rate, Commercial Paper Rate, Eleventh District Cost of Funds Rate, EURIBOR, the Federal Funds Rate, LIBOR, Prime Rate, Treasury Rate, or another negotiated interest rate basis or formula. Interest on each note will be payable either monthly, quarterly, semiannually or annually on each specified interest payment date and on the stated maturity date. Accrued interest will also be paid on

the date of redemption or repayment if a note is redeemed or repurchased prior to its stated maturity in accordance with its terms. We may also issue indexed notes.

Principal

The principal amount of each note will be payable on its stated maturity date or upon earlier redemption or repayment at the

S-1

---

**Table of Contents**

corporate trust office of the paying agent or at any other place we may designate.

Redemption and Repayment

We will indicate in the applicable pricing supplement for a note whether we will have the option to redeem the note before the stated maturity and the price or prices at which, and date or dates on which, redemption may occur. The pricing supplement relating to a note will also indicate whether you will have the option to elect repayment by us prior to the stated maturity and the price and the date or dates on which repayment may occur.

Sale and Clearance

We expect that we will issue notes in book-entry form only and will clear through The Depository Trust Company. We do not intend to issue notes in certificated form.

Paying Agent

The paying agent for the notes is Deutsche Bank Trust Company Americas.

Use of Proceeds

Except as may be described otherwise in a pricing supplement, we will add the net proceeds from the sale of the notes to our general funds and will use them for general corporate purposes, including investments in and advances to our bank and nonbank subsidiaries, reduction of borrowings, investments and financing possible future acquisitions including, without limitation, the acquisition of banking and nonbanking companies and financial assets and liabilities. All or a portion of the net proceeds from the sale of notes may also be used to finance, in whole or in part, our repurchase of common shares pursuant to our share repurchase program described in our periodic reports filed with the SEC, and additional share repurchases undertaken from time to time in connection with our acquisition of banking and nonbanking companies.

Pending such use, we may temporarily invest the net proceeds. The precise amounts and timing of the application of proceeds will depend upon our funding requirements and the availability of other funds. Allocations of the proceeds to specific purposes have not been made at the date of this prospectus supplement.

Risk Factors

See below under the caption **Risk Factors** in this prospectus supplement and the other information in this prospectus supplement and our reports incorporated by reference therein for a discussion of factors you should carefully consider before deciding to invest in the notes.

The principal executive office and mailing address of KeyCorp is 127 Public Square, Cleveland, Ohio 44114-1306. Our telephone number is (216) 689-6300.

**Table of Contents**

**RISK FACTORS**

*Your investment in the notes is subject to certain risks, especially if the notes involve in some way a foreign currency. This prospectus supplement does not describe all of the risks of an investment in the notes, including, among others, risks arising because the notes are denominated in a currency other than U.S. dollars or because the return on the notes is linked to one or more interest rate or currency indices or formulas. You should consult your own financial and legal advisors about the risks entailed by an investment in the notes and the suitability of your investment in the notes in light of your particular circumstances. The notes are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions or transactions involving the type of index or formula used to determine amounts payable. Before investing in the notes, you should carefully read this prospectus supplement, carefully consider the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2007 and pay special attention to the risk factors set forth below.*

*The information set forth in this prospectus supplement is directed to prospective purchasers of the notes who are United States residents. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States regarding any matters that may affect the purchase or holding of, or receipt of payments of principal, premium or interest on, the notes. Such persons should consult their advisors with regard to these matters. Any pricing supplement relating to the notes having a specified currency other than U.S. dollars will contain a description of any material exchange controls affecting such currency and any other required information concerning such currency.*

**The Notes Are Structurally Subordinated to Debt of Our Subsidiaries.**

Because we are a holding company, our rights and the rights of our creditors, including the holders of the notes, to participate in the assets of any subsidiary during its liquidation or reorganization, will be subject to the prior claims of the subsidiary's creditors, unless we are ourselves a creditor with recognized claims against the subsidiary. Any capital loans that we make to our bank subsidiary, KeyBank National Association ( KeyBank ) would be subordinate in right of payment to deposits and to other indebtedness of KeyBank. Claims from creditors (other than us), against the subsidiaries, may include long-term and medium-term debt and substantial obligations related to deposit liabilities, federal funds purchased, securities sold under repurchase agreements, and other short-term borrowings. The notes are not obligations of, nor guaranteed by, our subsidiaries, and our subsidiaries have no obligation to pay any amounts due on the notes. The indentures relating to the notes do not limit our ability or the ability of our subsidiaries to issue or incur additional debt or preferred stock.

The notes are our obligations but our assets consist primarily of equity in our subsidiaries and, as a result, our ability to make payments on the notes depends on our receipt of dividends, loan payments and other funds from our subsidiaries. The payment of dividends by a national bank subsidiary is subject to federal law restrictions.

**Subordinated Notes Have Limited Acceleration Rights.**

The holders of senior notes may declare those notes in default and accelerate the due date of those notes if an event of default shall occur and be continuing. Acceleration of the senior notes may adversely impact our ability to pay obligations on subordinated notes. Holders of subordinated notes do not have the right to declare those notes in default and may accelerate payment of indebtedness only upon our bankruptcy or reorganization.

**You May Not Be Able to Sell Your Notes if an Active Trading Market for the Notes Does Not Develop.**

There is currently no secondary market for the notes. The agents currently intend, but are not obligated, to make a market in the notes. Even if a secondary market does develop, it may not be liquid and may not continue for the term of the notes. If the secondary market for the notes is limited, there may be few buyers should you choose to sell your notes prior to maturity and this may reduce the price you receive.

S-3

---

## **Table of Contents**

### **We May Choose to Redeem the Notes when Prevailing Interest Rates Are Relatively Low.**

If your notes are redeemable at our option, we may choose to redeem your notes from time to time, especially when prevailing interest rates are lower than the rate borne by the notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the notes being redeemed. Our redemption right also may adversely impact your ability to sell your notes as the optional redemption date or period approaches.

### **The Trading Value of the Notes May Be Less than the Principal Amount of the Notes.**

The trading market for, and trading value of, the notes may be affected by a number of factors. These factors include:

- the time remaining to maturity of the notes;
- the aggregate amount outstanding of the relevant notes;
- any redemption features of the notes; and
- the level, direction, and volatility of market interest rates generally.

Often, the only way to liquidate your investment in the notes prior to maturity will be to sell the notes. At that time, there may be a very illiquid market for the notes or no market at all.

### **Changes in Our Credit Ratings May Affect the Value of the Notes.**

Our credit ratings are an assessment of our ability to pay our obligations as they become due. Consequently, actual or anticipated changes in our credit ratings may affect the trading value of the notes. However, because your return on the notes depends upon factors in addition to our ability to pay our obligations, an improvement in our credit ratings will not reduce the other investment risks related to the notes.

### **The Amount of Interest We May Pay on the Notes May Be Limited by State Law.**

New York law governs the notes. New York usury laws limit the amount of interest that can be charged and paid on loans, including debt securities like the notes. Under present New York law, the maximum permissible rate of interest is 25% per year on a simple interest basis. This limit may not apply to notes in which \$2,500,000 or more has been invested. Floating rate notes may not have a stated rate of interest and may exceed this limit. While we believe that a state or federal court sitting outside of New York may give effect to New York law, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We do not intend to claim the benefits of any laws other than New York law concerning usurious rates of interest.

### **Changes in Exchange Rates and Exchange Controls Could Result in a Substantial Loss to You.**

If you invest in foreign currency notes and currency indexed notes, your investment will be subject to significant risks not associated with investments in debt instruments denominated in U.S. dollars or U.S. dollar-based indices.

Such risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the U.S. dollar and your payment currency;



the possibility of significant changes in rates of exchange between U.S. dollars and the specified currency resulting from official redenomination relating to your payment currency; and

the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments.

S-4

---

**Table of Contents**

Such risks generally depend on factors over which KeyCorp has no control and which cannot be readily foreseen such as:

economic events;

political events; and

the supply for, and demand for, the relevant currencies.

In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been volatile. This volatility may continue in the future. Past fluctuations in any particular exchange rate are not necessarily indicative, however, of fluctuations that may occur in the rate during the term of the note. Fluctuations in exchange rates against the U.S. dollar could result in a decrease in the U.S. dollar-equivalent value of the principal or any premium payable at maturity of your notes and, generally, in the U.S. dollar-equivalent market value of your notes. The currency risks with respect to your foreign currency notes or currency indexed notes may be further described in the applicable pricing supplement.

Foreign exchange rates can either float or be fixed by sovereign governments. Governments, however, often do not voluntarily allow their currencies to float freely in response to economic forces. Instead, governments use a variety of techniques, such as intervention by that country's central bank, or the imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Governments also may issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by the devaluation or revaluation of a currency. Thus, an important risk in purchasing foreign currency notes or currency indexed notes for U.S. dollar-based investors is that their U.S. dollar-equivalent yields could be affected by governmental actions that could change or interfere with currency valuation that was previously freely determined, fluctuations in response to other market forces and the movement of currencies across borders. We will make no adjustment or change in the terms of the foreign currency notes or currency indexed notes if exchange rates become fixed, or if any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes occur, or other developments, affecting the U.S. dollar or any applicable currency occur.

The exchange rate agent will make all calculations relating to your foreign currency notes or currency indexed notes. All such determinations will, in the absence of clear error, be binding on holders of the notes.

For notes with a specified currency other than U.S. dollars, we may include in the applicable pricing supplement information concerning historical exchange rates for that currency against the U.S. dollar and a brief description of any relevant exchange controls.

**The Unavailability of Currencies Could Result in a Substantial Loss to You.**

Except as set forth below, if payment on a note is required to be made in a specified currency other than U.S. dollars and such currency is:

unavailable due to the imposition of exchange controls or other circumstances beyond our control;

no longer used by the government of the country issuing such currency; or

no longer used for the settlement of transactions by public institutions of the international banking community

then all payments on such note shall be made in U.S. dollars until such currency is again available or so used. The amounts so payable on any date in such currency shall be converted into U.S. dollars on the basis of the most recently available market exchange rate for such currency or as otherwise indicated in the applicable pricing supplement. Any payment on such note made under such circumstances in U.S. dollars will not constitute an event of default under the applicable indenture.

If the specified currency of a note is officially redenominated, other than as a result of the European Monetary Union, such as by an official redenomination of any such specified currency that is a composite currency, then our payment obligations on such note will be the amount of redenominated currency that represents the amount of our obligations immediately before the redenomination. The notes will not provide for any adjustment to any amount payable under such notes as a result of:

any change in the value of the specified currency of such notes relative to any other currency due solely to fluctuations in exchange rates; or

## **Table of Contents**

any redenomination of any component currency, unless such composite currency is itself officially redenominated.

Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on notes in a currency other than U.S. dollars will be made from an account at a bank located outside the United States, unless otherwise specified in the applicable pricing supplement.

### **Judgments in a Foreign Currency Could Result in a Substantial Loss to You.**

The indentures and the notes, except to the extent specified otherwise in a pricing supplement, will be governed by, and construed in accordance with, the laws of the State of New York. As a holder of notes, you may bring an action based upon an obligation payable in a currency other than U.S. dollars in courts in the United States. However, courts in the United States have not customarily rendered judgments for money damages denominated in any currency other than U.S. dollars. In addition, it is not clear whether in granting such judgment, the rate of conversion would be determined with reference to the date of default, the date judgment is rendered or any other date. The Judiciary Law of the State of New York provides, however, that an action based upon an obligation payable in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation and converted to U.S. dollars at an exchange rate prevailing on the date the judgment or decree is entered. In these cases, holders of foreign currency notes would bear the risk of exchange rate fluctuations between the time the dollar amount of this judgment is calculated and the time U.S. dollars were paid to the holders.

### **The Risk of Loss to You as a Result of Linking Principal or Interest on Payments on Indexed Notes to an Index Can Be Substantial.**

An investment in indexed notes entails significant risks that are not associated with similar investments in a conventional fixed-rate debt security. The interest rate of an indexed note may be less than that on a conventional fixed-rate debt security issued at the same time, including the possibility that no interest will be paid. In certain circumstances, the amount of the principal and/or premium, if any, payable on an indexed note may be less than the original purchase price of the indexed note if allowed under the terms of the notes, including the possibility that no amount will be paid. We cannot assure you that there will be a secondary market for indexed notes or of the liquidity of the secondary market if one develops. The secondary market, if any, for indexed notes will be affected by a number of factors, independent of our creditworthiness and the value of the applicable currency, commodity, security or interest rate index, including:

the volatility of the applicable currency, commodity, security or interest rate index;

the time remaining to the maturity of the notes;

the amount outstanding of the notes; and

market interest rates.

The value of the applicable currency, commodity, security or interest rate index depends on a number of interrelated factors, including economic, financial and political events over which we have no control. Additionally, if the formula used to determine the amount of principal, premium, if any, or interest payable on indexed notes contains a multiple or leverage factor, the effect of any change in the applicable currency, commodity, security or interest rate index will be

increased. The historical experience of the relevant currencies, commodities, securities or interest rate indices should not be taken as an indication of future performance of the currencies, commodities, securities, or interest rate indices during the term of any indexed note. Any credit ratings assigned to the notes reflect our credit status and in no way reflect the potential impact of the factors discussed above, or any other factors, on the market value of the notes.

S-6

---

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about our long-term goals, financial condition, results of operations, earnings, levels of net loan charge-offs and nonperforming assets, interest rate exposure and profitability. These statements usually can be identified by the use of forward-looking language such as our goal, our objective, our plan, will likely result, expects, plans, anticipates, intends, project, estimates or other similar words or expressions or conditional verbs such as will, would, could and should.

Forward-looking statements express management's current expectations, forecasts of future events or long-term goals and, by their nature, are subject to assumptions, risks and uncertainties. Although management believes that the expectations, forecasts and goals reflected in these forward-looking statements are reasonable, actual results could differ materially for a variety of reasons, including the following factors:

Interest rates could change more quickly or more significantly than management expects, which may have an adverse effect on KeyCorp's financial results.

Trade, monetary and fiscal policies of various governmental bodies may affect the economic environment in which KeyCorp operates, as well as its financial condition and results of operations.

Changes in the stock markets, public debt markets and other capital markets, including continued disruption in the fixed income markets, could adversely affect KeyCorp's ability to raise capital or other funding for liquidity and business purposes, as well as its revenues from client-based underwriting, investment banking and other capital markets-driven businesses.

Recent problems in the housing markets and related conditions in the financial markets, or other issues, such as the high price of oil or other commodities, could cause further deterioration in general economic conditions, or in the condition of the local economies or industries in which KeyCorp has significant operations or assets, and, among other things, materially impact credit quality in existing portfolios and/or KeyCorp's ability to generate loans in the future.

Increasing interest rates or further weakening economic conditions could constrain borrower's ability to repay outstanding loans or diminish the value of the collateral securing those loans. Additionally, the allowance for loan losses may be insufficient if the estimates and judgments management used to establish that allowance prove to be inaccurate.

Increased competitive pressure among financial services companies may adversely affect KeyCorp's ability to market its products and services.

It could take KeyCorp longer than anticipated to implement strategic initiatives, including those designed to grow revenue or manage expenses; KeyCorp may be unable to implement certain initiatives; or the initiatives may be unsuccessful.

Acquisitions and dispositions of assets, business units or affiliates could adversely affect KeyCorp in ways that management has not anticipated.

KeyCorp may experience operational or risk management failures due to technological or other factors.

Changes in accounting principles, or in tax laws, rules and regulations could have an adverse effect on KeyCorp's financial results or its capital.

KeyCorp may become subject to new legal obligations or liabilities, or the unfavorable resolution of pending litigation may have an adverse effect on its financial results or its capital.

KeyCorp may become subject to new or heightened regulatory practices, requirements or expectations which may impede its profitability.

Terrorist activities or military actions could disrupt the economy and the general business climate, which may have an adverse effect on KeyCorp's financial results or condition and that of its borrowers.

You should refer to our periodic and current reports filed with the SEC (and incorporated by reference herein) for further information on other factors that could cause actual results to be significantly different from those expressed or implied by these forward-looking statements. See below under the caption "Where You Can Find More Information" in the accompanying prospectus.

S-7

---

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL INFORMATION**

The following is our selected audited consolidated financial information for each of the years in the three-year period ended December 31, 2007, and our selected unaudited consolidated financial information for each of the three-month periods ended March 31, 2008 and 2007. You should read the following information together with our consolidated financial statements and notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus.

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>		
	<b>March 31,</b>		<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>2008</b>	<b>2007</b>			
	<b>(Unaudited)</b>		<b>(Audited)</b>		
	<b>(Dollars in millions, except per share amounts)</b>				
<b>For the period</b>					
Interest income	\$ 1,354	\$ 1,368	\$ 5,644	\$ 5,380	\$ 4,383
Interest expense	641	689	2,875	2,565	1,727
Net interest income	713	679	2,769	2,815	2,656
Provision for loan losses	187	44	529	150	143
Noninterest income	528	654	2,229	2,127	2,067
Noninterest expense	732	784	3,248	3,149	3,054
Income from continuing operations before income taxes and cumulative effect of accounting change	322	505	1,221	1,643	1,526
Income from continuing operations before cumulative effect of accounting change	218	358	941	1,193	1,090
(Loss) income from discontinued operations, net of taxes		(8)	(22)	(143)	39
Income before cumulative effect of accounting change	218	350	919	1,050	1,129
Net income	218	350	919	1,055	1,129
<b>Per common share</b>					
Income from continuing operations before cumulative effect of accounting change	\$ .55	\$ .90	\$ 2.40	\$ 2.95	\$ 2.67
(Loss) income from discontinued operations		(.02)	(.06)	(.35)	.10
Income before cumulative effect of accounting change	.55	.88	2.35	2.60	2.76
Net income	.55	.88	2.35	2.61	2.76
Income from continuing operations before cumulative effect of accounting change assuming dilution	.54	.89	2.38	2.91	2.63
(Loss) income from discontinued operations assuming dilution		(.02)	(.05)	(.35)	.09



Income before cumulative effect of accounting change assuming dilution	.54	.87	2.32	2.56	2.73
Net income assuming dilution	.54	.87	2.32	2.57	2.73
Cash dividends paid	.375	.365	1.46	1.38	1.30
Book value at period end	21.48	19.57	19.92	19.30	18.69
Weighted average common shares outstanding (000)	399,121	397,875	392,013	404,490	408,981
Weighted average common shares and potential common shares outstanding (000)	399,769	403,478	395,823	410,222	414,014
<b>At period end</b>					
Loans	\$ 76,444	\$ 65,711	\$ 70,823	\$ 65,826	\$ 66,478
Earning assets	89,719	81,163	86,557	80,090(1)	80,143(1)
Total assets	101,492	92,256	98,228	92,337(1)	93,126(1)
Deposits	64,702	59,773	63,099	59,116	58,765
Long-term debt	14,337	13,061	11,957	14,533	13,939
Shareholders equity	8,592	7,719	7,746	7,703	7,598

S-8

**Table of Contents**

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>		
	<b>(Dollars in millions, except per share amounts)</b>				
<b>Performance ratios</b>					
From continuing operations:					
Return on average total assets	.85%	1.58%	.99%	1.30%	1.24%
Return on average equity	10.38	19.06	12.19	15.43	14.88
Net interest margin (taxable equivalent)	3.14	3.50	3.46	3.67	3.65
From consolidated operations:					
Return on average total assets	.85%	1.54%	.97%	1.12%	1.24%
Return on average equity	10.38	18.63	11.90	13.64	15.42
Net interest margin (taxable equivalent)	3.14	3.51	3.46	3.69	3.69
<b>Capital ratios at period end</b>					
Equity to assets	8.47%	8.37%	7.89%	8.34%(1)	8.16%(1)
Tangible equity to tangible assets	6.85	7.04	6.58	7.01(1)	6.68(1)
Tier 1 risk-based capital	8.33	8.15	7.44	8.24	7.59
Total risk-based capital	12.34	12.20	11.38	12.43	11.47
Leverage	9.15	9.17	8.39	8.98	8.53
<b>Asset quality data</b>					
Nonperforming loans at period end	\$ 1,054	\$ 254	\$ 687	\$ 215	\$ 277
Nonperforming assets at period end	1,115	353	764	273	307
Allowance for loan losses at period end	1,298	944	1,200	944	966
Net loan charge-offs	121	44	275	170	315
Nonperforming loans to period-end portfolio loans	1.38%	.39%	.97%	.33%	.42%
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	1.46	.54	1.08	.41	.46
Allowance for loan losses to nonperforming loans	123.15	371.65	174.67	439.07	348.74
Allowance for loan losses to period-end loans	1.70	1.44	1.69	1.43	1.45
Net loan charge-offs to average loans from continuing operations	.67	.27	.41	.26	.51

(1) Amounts have not been restated to reflect KeyCorp's January 1, 2008 adoption of FASB Interpretation No. 39, Offsetting of Amounts Related to Certain Contracts, and FASB Staff Position FIN 39-1, Amendment of FASB Interpretation 39.

**Table of Contents**

**KEYCORP**

KeyCorp (formerly known as Society Corporation) was organized in 1958 under the laws of the State of Ohio and is headquartered in Cleveland, Ohio. We are a bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"). As of March 31, 2008, we were one of the nation's largest bank-based financial services companies with consolidated total assets of approximately \$101.5 billion. KeyCorp is the parent holding company for KeyBank, its principal subsidiary, through which most of its banking services are provided. Through KeyBank and certain other subsidiaries, KeyCorp provides 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 through two major business groups: Community Banking and National Banking. As of March 31, 2008, these services were provided across much of the country through subsidiaries operating 985 full-service banking offices, a telephone banking call center services group and a network of 1,479 ATMs in 16 states. We and our subsidiaries had 18,426 average full-time equivalent employees during the three months ended March 31, 2008.

**Contact Information**

Our principal office and mailing address is 127 Public Square, Cleveland, Ohio 44114-1306. Our telephone number is (216) 689-6300.

**Subsidiaries**

Our principal subsidiary, KeyBank, is headquartered in Cleveland, Ohio. In addition to the customary banking services of accepting deposits and making loans, KeyBank and our trust company subsidiary provide specialized services, including personal and corporate trust services, personal financial services, customer access to mutual funds, cash management services, investment banking and capital markets products and international banking services. Through KeyBank, our trust company subsidiary (a bank serving solely as a fiduciary) and our registered investment advisor subsidiary, we provide investment management services to individual and institutional clients, including large corporate and public retirement plans, foundations and endowments, high net worth individuals and multiemployer trust funds established for providing pension, vacation and other benefits to employees.

KeyCorp provides other financial services both inside and outside of its primary banking markets through its nonbank subsidiaries. These services include accident and health insurance on loans made by KeyBank, principal investing, community development financing, securities underwriting, brokerage and other financial services. KeyCorp is an equity participant in a joint venture with Key Merchant Services, LLC, which provides merchant services to businesses.

**Major Lines of Business**

The following is a description of KeyCorp's and its subsidiaries' (collectively, "Key") major lines of business:

***Community Banking***

*Regional Banking* provides individuals with branch-based deposit and investment products, personal finance services and loans, including residential mortgages, home equity and various types of installment loans. This line of business also provides certain small businesses with deposit, investment and credit products, and business advisory services.

Regional Banking also offers financial, estate and retirement planning, and asset management services to assist high-net-worth clients with their banking, trust, portfolio management, insurance, charitable giving and related needs.

*Commercial Banking* provides midsize businesses with products and services that include commercial lending, cash management, equipment leasing, investment and employee benefit programs, succession planning, access to capital markets, derivatives and foreign exchange.

S-10

---

## **Table of Contents**

### ***National Banking***

*Real Estate Capital and Corporate Banking Services* consists of two business units. Real Estate Capital is a national business that provides construction and interim lending, permanent debt placements and servicing, equity and investment banking, and other commercial banking products and services to developers, brokers and owner-investors. This unit deals primarily with nonowner-occupied properties (*i.e.*, generally properties in which at least 50% of the debt service is provided by rental income from nonaffiliated third parties). Particular emphasis has been placed on providing clients with finance solutions through access to the capital markets.

Corporate Banking Services provides cash management, interest rate derivatives, and foreign exchange products and services to clients throughout the Community Banking and National Banking groups. Through its Public Sector and Financial Institutions businesses, Corporate Banking Services provides a full array of commercial banking products and services to government and not-for-profit entities, and to community banks.

*Equipment Finance* meets the equipment leasing needs of companies worldwide and provides equipment manufacturers, distributors and resellers with financing options for their clients. Lease financing receivables and related revenues are assigned to other lines of business (primarily Institutional and Capital Markets, and Commercial Banking) if those businesses are principally responsible for maintaining the relationship with the client.

*Institutional and Capital Markets*, through its KeyBanc Capital Markets unit, provides commercial lending, treasury management, investment banking, derivatives and foreign exchange, equity and debt underwriting and trading, and syndicated finance products and services to large corporations and middle-market companies.

Through its Victory Capital Management unit, Institutional and Capital Markets also manages or offers advice regarding investment portfolios for a national client base, including corporations, labor unions, not-for-profit organizations, governments and individuals. These portfolios may be managed in separate accounts, common funds or the Victory family of mutual funds.

*Consumer Finance* includes Indirect Lending and Commercial Floor Plan Lending.

Indirect Lending offers loans to consumers through dealers. This business unit also provides federal and private education loans to students and their parents, and processes tuition payments for private schools.

Commercial Floor Plan Lending finances inventory for automobile, recreation and marine dealers.

### ***Other Segments***

Other Segments consist of Corporate Treasury and Key's Principal Investing unit.

## **USE OF PROCEEDS**

Except as may be described otherwise in a pricing supplement, we will add the net proceeds from the sale of the notes to our general funds and will use them for general corporate purposes, including investments in and advances to our bank and nonbank subsidiaries, reduction of borrowings, investments and financing possible future acquisitions including, without limitation, the acquisition of banking and nonbanking companies and financial assets and liabilities. All or a portion of the net proceeds from the sale of notes may also be used to finance, in whole or in part, our repurchase of common shares pursuant to our share repurchase program described in our periodic reports filed with the SEC, which are incorporated herein by reference (see *Where You Can Find More Information* in the accompanying prospectus), and additional share repurchases undertaken from time to time in connection with our

acquisition of banking and nonbanking companies.

Pending such use, we may temporarily invest the net proceeds. The precise amounts and timing of the application of proceeds will depend upon our funding requirements and the availability of other funds. Allocations of the proceeds to specific purposes have not been made at the date of this prospectus supplement.

S-11

---

**Table of Contents**

**DESCRIPTION OF NOTES**

The following is a description of certain terms of the notes offered hereby which does not purport to be complete in all respects. This description is subject to, and qualified in its entirety by reference to, the indentures referred to below. The particular terms of the notes sold under any pricing supplement will be described in that pricing supplement. The terms and conditions stated in this section will apply to each note unless the applicable pricing supplement indicates otherwise. References to interest payments and interest-related information do not apply to the zero coupon notes defined below.

**General**

The Senior I notes will be issued under an indenture dated as of June 10, 1994, as supplemented from time to time (the senior indenture), between us and Deutsche Bank Trust Company Americas (formerly Bankers Trust Company), as trustee. The Series J notes will be issued by us under an indenture dated as of June 10, 1994, as supplemented from time to time (the subordinated indenture), also between us and Deutsche Bank Trust Company Americas, as trustee. Forms of the indentures have been filed with the Securities and Exchange Commission and are incorporated by reference or included in the registration statement on Form S-3 (No. 333-151608) under the Securities Act of 1933, as amended (the Act), of which this prospectus supplement and the accompanying prospectus are a part.

We will refer to the senior indenture and the subordinated indenture together as the indentures and each as an indenture. The indentures are subject to and governed by the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). Deutsche Bank Trust Company Americas is hereinafter referred to as the senior trustee when referring to it in its capacity as trustee under the senior indenture, as the subordinated trustee when referring to it in its capacity as trustee under the subordinated indenture, and as the trustee when referring to it in its capacity under both of the indentures.

Because this section is a summary, it does not describe every aspect of the notes and the indentures. We urge you to read the indenture that is applicable to you because it, and not this description, defines your rights as a holder of notes. For example, in this section, we use capitalized words to signify terms that are specifically defined in the indentures. Some of the definitions are repeated in this prospectus supplement, but for the rest you will need to read the indentures. We have filed the form of each indenture as an exhibit to the registration statement that we have filed with the SEC. See [Where You Can Find More Information](#) in the accompanying prospectus on how to obtain a copy of the indentures.

The notes are our direct, unsecured obligations. Series I notes issued under our senior indenture will rank equally with all of our other unsecured and unsubordinated indebtedness that is not accorded a priority under applicable law. Series J notes issued under our subordinated indenture will be subordinated in right of payment to the prior payment in full of our Senior Indebtedness and, in certain insolvency events, our Other Senior Obligations.

The Series I notes constitute a single series for purposes of the senior indenture (separate from our other series of senior medium-term notes) and the aggregate principal amount of such series is not limited. At March 31, 2008, our total Senior Indebtedness was \$16.8 billion and there were no Other Senior Obligations.

The Series J notes constitute a single series for purposes of the subordinated indenture (separate from our other series of subordinated medium-term notes) and the aggregate principal amount of such series is not limited. At March 31, 2008, we also had outstanding \$2.8 billion of subordinated debt securities, consisting of \$200,972,741 of 5.469% Subordinated Notes due 2028; \$178,742,164 of 6.875% Subordinated Notes due 2029; \$217,320,121 of

7.75% Subordinated Notes due 2029; \$195,239,955 of 5.875% Subordinated Notes due 2033; \$82,854,752 of 6.125% Subordinated Notes due 2033; \$278,758,331 of 5.70% Subordinated Notes due 2035; \$291,860,835 of 7.00% Subordinated Notes due 2066; \$532,767,186 of 6.75% Subordinated Notes due 2066; \$740,010,000 of 8.00% Subordinated Notes due 2068; \$29,446,334 of 9.58% Subordinated Notes due 2027; \$29,110,133 of 6.824% Subordinated Notes due 2031; \$22,367,498 of 7.058% Subordinated Notes due 2034; and any renewals, extensions, modifications and refundings of any such indebtedness.

S-12

---



**Table of Contents**

The indentures do not limit the amount of our notes or other debt obligations that may be issued thereunder.

The notes (other than the amortizing notes) will not be subject to any sinking fund, unless otherwise specified in the applicable pricing supplement.

We will offer the notes on a continuous basis as senior notes or subordinated notes. The pricing supplement for each offering of notes will contain the specific information and terms for that offering. If any information in the pricing supplement, including any changes in the method of calculating interest on any note, is inconsistent with this prospectus supplement, you should rely on the information in the pricing supplement. The pricing supplement may also add, update or change information contained in the prospectus and this prospectus supplement. It is important for you to consider the information contained in the accompanying prospectus, this prospectus supplement and the applicable pricing supplement in making your investment decision.

We may from time to time, without your consent, reopen an outstanding tranche of notes and issue additional notes having the same terms as conditions as such outstanding notes (or the same terms and conditions except for the offering price, issue date and amount of the first interest payment).

*General Terms of Notes.* Unless the applicable pricing supplement states otherwise:

the notes will mature on a business day that is nine (9) months or more from the date of issue, but a note payable at the Commercial Paper Rate will mature after at least nine months and one day from its date of issue;

we will pay interest on fixed rate notes semi-annually;

the Series J notes will mature after at least five years from their date of issue;

if the maturity date of any note or the interest payment date of any note (other than a floating rate note) specified in the applicable pricing supplement for such note is a day that is not a business day, interest, principal and premium, if any, will be paid on the next day that is a business day with the same force and effect as if made on the maturity date or the interest payment date, as the case may be, and no interest on that payment will accrue for the period from and after that maturity date or the interest payment date, as the case may be;

we will issue the notes at 100% of their principal amount;

holders will not be able to elect to have their notes repaid before the maturity date;

we will issue the notes, other than the foreign currency notes, in U.S. dollars;

we will issue the notes, other than the foreign currency notes, in fully registered form and in authorized denominations of \$1,000 or any integral multiple of \$1,000 and we will designate the authorized denominations of foreign currency notes in the applicable pricing supplement.;

the principal, premium, and interest, if any, payable at maturity or at redemption on each note will be paid in immediately available funds when the note is presented at the corporate trust office of the paying agent; and

we will issue the notes as global notes registered in the name of a nominee of The Depository Trust Company, as depositary. We will refer to these notes as global notes in this prospectus supplement. We can also issue the notes in definitive registered form, without coupons, otherwise known as a certificated note, as described in the

applicable pricing supplement.

*Pricing Supplements.* The applicable pricing supplement relating to each note will describe the following:

whether the note is a senior note or a subordinated note;

whether the note is being issued at a price other than 100% of its principal amount;

the principal amount of the note;

S-13

---

**Table of Contents**

the date on which the note will be issued;

the date on which the note will mature;

whether the note is a fixed rate note, a floating rate note, or a zero coupon note;

any additional terms applicable to any foreign currency notes with respect to the payment of principal and any premium or interest for that note;

the annual rate at which the note will bear interest and the interest payment date and regular record date, if different from those described below;

whether the note is an original issue discount note, and if so, any additional provisions relating to this feature of the note;

whether the note may be redeemed at our option, and any provisions relating to redemption of the note;

whether the note will be represented by a certificated note and any provisions relating to this feature of the note;

the authorized denominations of foreign currency notes; and

any other terms of the note consistent with the provisions of the applicable indenture.

You must pay the purchase price of the notes in immediately available funds.

We may from time to time, without the consent of existing note holders, issue additional notes having the same terms and conditions (including maturity and interest payment terms) as notes previously issued pursuant to this prospectus supplement in all respects, except for the issue date, issue price and the first payment of interest. Additional notes issued in this manner will be fungible with the previously issued notes to the extent specified in the applicable pricing supplement. No additional notes may be issued in a particular series if an Event of Default (as defined in the respective indenture) has occurred and is continuing with respect to that series.

Unless otherwise defined in the pricing supplement, (i) **business day** means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that, with respect to foreign currency notes, such day is also not a day on which commercial banks are authorized or required by law, regulation or executive order to close in the principal financial center (as defined) of the country issuing the specified currency (or, if the specified currency is the euro and for EURIBOR notes, such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open, which we refer to as a **TARGET business day**); provided, further, that, with respect to notes as to which LIBOR is an applicable interest rate basis, such day is also a London business day; (ii) **London business day** means a day on which commercial banks are open for business (including dealings in the designated LIBOR currency) in London; and (iii) **principal financial center** means (1) the capital city of the country issuing the specified currency or (2) the capital city of the country to which the designated LIBOR currency relates, as applicable, except, in the case of (1) or (2) above, that with respect to United States dollars, Australian dollars, Canadian dollars, euro, New Zealand dollars, South African rand and Swiss francs, the **principal financial center** shall be The City of New York and (solely in the case of the specified currency) Sydney, Toronto, London (solely in the case of the designated LIBOR currency), Wellington, Johannesburg and Zurich,

respectively.

## **Interest and Interest Rates**

### *General*

Each note will begin to accrue interest from the date it is originally issued or from the last date in respect of which interest has been paid or duly provided for, as the case may be, until the principal thereof is paid or made available for payment. In the related pricing supplement, we will designate each note as a fixed rate note, a floating rate note, an amortizing note, a renewable note, an extendible note or an indexed note and describe the method of determining the interest rate, including any spread and/or spread multiplier. For an

S-14

---

## **Table of Contents**

indexed note, we will also describe in the related pricing supplement the method for calculating and paying principal and interest. For a floating rate note or indexed note, we may also specify a maximum and a minimum interest rate in the related pricing supplement.

We may issue a note as a fixed rate note or a floating rate note or as a note that combines fixed and floating rate terms.

Interest rates on the notes that we offer may differ depending upon, among other things, the aggregate principal amount of notes purchased in any single transaction. We may offer notes with similar variable terms but different interest rates, as well as notes with different variable terms, concurrently to different investors. We may, from time to time, change the interest rates or formulas and other terms of notes, but no such change will affect any note already issued or as to which an offer to purchase has been accepted.

Interest will be payable to the person in whose name the note is registered at the close of business on the applicable record date; provided that the interest payable upon maturity, redemption or repayment (whether or not the date of maturity, redemption or repayment is an interest payment date) will be payable to the person to whom principal is payable.

U.S. dollar payments of interest, other than interest payable at maturity (or on the date of redemption or repayment, if a note is redeemed or repaid prior to maturity), will be made by check mailed to the address of the person entitled thereto as shown on the note register. U.S. dollar payments of principal, premium, if any, and interest upon maturity, redemption, or repayment will be made in immediately available funds against presentation and surrender of the note. Notwithstanding the foregoing, (a) the Depository Trust Company, or DTC, as holder of book-entry notes, shall be entitled to receive payments of interest by wire transfer of immediately available funds and (b) a holder of U.S. \$1.0 million (or the equivalent) or more in aggregate principal amount of certificated notes (whether having identical or different terms and provisions) shall be entitled to receive payments of interest by wire transfer of immediately available funds upon written request to the paying agent not later than 15 calendar days prior to the applicable interest payment date.

### ***Fixed Rate Notes***

In the pricing supplement for fixed rate notes, except a zero-coupon note, we will specify a fixed interest rate payable semiannually in arrears on each June 15 and December 15 (each an interest payment date ) and the regular record date for fixed rate notes will be June 1 and December 1, respectively, except as otherwise provided in the pricing supplement. Interest on fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months. If the maturity date or an interest payment date for any fixed rate note is not a business day, we will pay principal, premium, if any, and interest for that note on the next business day, and no interest will accrue from and after the maturity date or interest payment date.

### ***Original Issue Discount Notes***

We may issue original issue discount notes (including zero-coupon notes) ( discount notes ), which are notes issued at a discount from the principal amount payable at the maturity date. A discount note may not have any periodic interest payments. For discount notes, interest normally accrues during the life of the note and is paid at the maturity date or upon earlier redemption. Upon a redemption, repayment or acceleration of the maturity of a discount note, the amount payable will be determined as set forth below under Optional Redemption, Repayment and Repurchase. Normally this amount is less than the amount payable at the maturity date.

### ***Amortizing Notes***

We may issue amortizing notes, which are fixed rate notes for which combined principal and interest payments are made in installments over the life of each note. Unless otherwise specified in the applicable pricing supplement, payments will be made semiannually on each June 15 and December 15. We apply payments on amortizing notes first to interest due and then to reduce the unpaid principal amount. We will include a table setting forth repayment information in the related pricing supplement for an amortizing note.

S-15

---

**Table of Contents**

***Floating Rate Notes***

Each floating rate note will have an interest rate basis or formula. We may base that formula on:

the CD Rate;

the CMS Rate;

the CMT Rate;

the Commercial Paper Rate;

the Eleventh District Cost of Funds Rate;

EURIBOR;

the Federal Funds Rate;

LIBOR;

the Prime Rate;

the Treasury Rate; or

another negotiated interest rate basis or formula.

In the applicable pricing supplement, we also will indicate any spread and/or spread multiplier that would be applied to the interest rate formula to determine the interest rate. Any floating rate note may have a maximum or minimum interest rate limitation. In addition to any maximum interest rate limitation, the interest rate on the floating rate notes will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

We will appoint a calculation agent to calculate interest rates on the floating rate notes. Unless we identify a different party in the pricing supplement, KeyBank will be the calculation agent for each note. In most cases, a floating rate note will have a specified interest reset date, interest determination date and calculation date associated with it. An interest reset date is the date on which the interest rate on the note is subject to change. An interest determination date is the date as of which the new interest rate is determined for a particular interest reset date, based on the applicable interest rate basis or formula as of that interest determination date. The calculation date is the date by which the calculation agent will determine the new interest rate that became effective on a particular interest reset date based on the applicable interest rate basis or formula on the interest determination date.

**Change of Interest Rate**

Except as otherwise provided in the pricing supplement, we may reset the interest rate on each floating rate note daily, weekly, monthly, quarterly, semiannually, annually or on some other basis that we specify (such period being the interest reset period). The interest reset date is the first day of each interest reset period and will be:

for notes with interest that resets daily, each business day;

for notes (other than Treasury Rate notes) with interest that resets weekly, Wednesday of each week;

for Treasury Rate notes with interest that resets weekly, Tuesday of each week, except as otherwise described below in the second paragraph under Date Interest Rate is Determined ;

for notes with interest that resets monthly, the third Wednesday of each month;

for notes with interest that resets quarterly, the third Wednesday of March, June, September and December of each year;

S-16

---



## **Table of Contents**

for notes with interest that resets semiannually, the third Wednesday of each of the two months of each year which are six months apart, as specified in the applicable pricing supplement; and

for notes with interest that resets annually, the third Wednesday of one month of each year as specified in the applicable pricing supplement.

The related pricing supplement will describe the initial interest rate or interest rate formula on each note. That rate is effective until the following interest reset date. Thereafter, the interest rate will be the rate determined on each interest determination date. Each time a new interest rate is determined, it becomes effective on the subsequent interest reset date. If any interest reset date is not a business day, then the interest reset date is postponed to the next succeeding business day, except, in the case of a LIBOR note or a EURIBOR note, in which case, if the next business day is in the next calendar month, the interest reset date is the immediately preceding business day.

### **Date Interest Rate Is Determined**

The interest determination date for all floating rate notes (except LIBOR notes, EURIBOR notes, Treasury Rate notes and Eleventh District Cost of Funds Rate notes) will be the second business day before the interest reset date. The interest determination date in the case of LIBOR notes will be the second London business day immediately preceding the applicable interest reset date, unless the designated LIBOR currency is British pounds sterling, in which case the interest determination date will be the applicable interest reset date. For EURIBOR notes, the interest determination date will be the second TARGET business day before the applicable interest reset date.

The interest determination date for Treasury Rate notes will be the day of the week in which the interest reset date falls on which Treasury bills of the same index maturity are normally auctioned. Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on Tuesday. Sometimes, the auction is held on the preceding Friday. If an auction is held on the preceding Friday, that day will be the interest determination date relating to the interest reset date occurring in the next week. If an auction date falls on any interest reset date, then the interest reset date will instead be the first business day immediately following the auction date.

The interest determination date for an Eleventh District Cost of Funds Rate note is the last business day of the month immediately preceding the applicable interest reset date on which the Federal Home Loan Bank of San Francisco published the index.

### **Calculation Date**

Unless we specify a different date in a pricing supplement, the calculation date, if applicable, relating to an interest determination date will be the earlier of:

- (1) the tenth calendar day after such interest determination date or, if such day is not a business day, the next succeeding business day, or
- (2) the business day immediately preceding the relevant interest payment date or the maturity date, as the case may be.

Upon the request of the beneficial holder of any floating rate note, the calculation agent will provide the interest rate then in effect and, if different, the interest rate that will become effective on the next interest reset date for the floating rate note.

**Payment of Interest**

Except as otherwise provided in the pricing supplement, we will pay installments of interest on floating rate notes as follows:

for notes (other than Eleventh District Cost of Funds Rate notes) with interest payable monthly, on the third Wednesday of each month;

for Eleventh District Cost of Funds Rate notes, the first calendar day of each month as specified in the applicable pricing supplement;

S-17

---

## **Table of Contents**

for notes with interest payable quarterly, on the third Wednesday of March, June, September, and December of each year;

for notes with interest payable semiannually, on the third Wednesday of each of the two months specified in the applicable pricing supplement;

for notes with interest payable annually, on the third Wednesday of the month specified in the applicable pricing supplement (each of the above an interest payment date); and

at maturity, redemption or repurchase.

Each interest payment on a floating rate note will include interest accrued from, and including, the issue date or the last interest payment date, as the case may be, to, but excluding, the following interest payment date or the maturity date, as the case may be.

We will pay installments of interest on floating rate notes beginning on the first interest payment date after its issue date to holders of record on the corresponding regular record date. Unless we otherwise specify in the applicable pricing supplement, the regular record date for a floating rate note will be on the 15th day (whether or not a business day) next preceding the interest payment date. If an interest payment date (but not the maturity date) is not a business day, we will postpone payment until the next succeeding business day, provided that, in the case of LIBOR notes or EURIBOR notes, such interest payment date will be the preceding business day if the next succeeding business day is in the next calendar month. If the maturity date of any floating rate note is not a business day, principal, premium, if any, and interest for that note will be paid on the next succeeding business day, and no interest will accrue from and after the maturity date.

We will calculate accrued interest on a floating rate note by multiplying the principal amount of a note by an accrued interest factor. The accrued interest factor is the sum of the interest factors calculated for each day in the period for which accrued interest is being calculated. The interest factor for each day is computed by dividing the interest rate in effect on that day by (1) the actual number of days in the year, in the case of Treasury Rate notes or CMT Rate notes, or (2) 360, in the case of other floating rate notes. All percentages resulting from any calculation are rounded to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward. For example, 9.876545% (or .09876545) will be rounded to 9.87655% (or .0987655). All currency amounts used in or resulting from such calculation will be rounded to the nearest one-hundredth of a unit (with five one-thousandths of a unit being rounded upward).

## **Calculation of Interest**

### ***CD Rate Notes***

Each CD Rate note will bear interest for each interest reset period at an interest rate equal to the CD Rate, plus or minus any spread, and/or multiplied by any spread multiplier as specified in such note and in the applicable pricing supplement.

The CD Rate for any interest determination date is the rate on that date for negotiable U.S. dollar certificates of deposit having the index maturity described in the related pricing supplement, as published in H.15(519) prior to 3:00 p.m., New York City time, on the calculation date, for that interest determination date under the heading CDs (secondary market). The index maturity is the period to maturity of the instrument or obligation with respect to which the related interest rate basis or formulae will be calculated.

The calculation agent will observe the following procedures if the CD Rate cannot be determined as described above:

If the above described rate is not published in H.15(519) by 3:00 p.m., New York City time, on the calculation date, the CD Rate will be the rate on that interest determination date for negotiable certificates of deposit of the index maturity described in the pricing supplement as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption CDs (secondary market).

S-18

---

## **Table of Contents**

If that rate is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the calculation date, then the calculation agent will determine the CD Rate to be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that interest determination date, quoted by three leading non-bank dealers of negotiable U.S. dollar certificates of deposit in New York City for negotiable U.S. dollar certificates of deposit of major United States money-center banks (in the market for negotiable certificates of deposit) with a remaining maturity closest to the index maturity described in the pricing supplement. The calculation agent will select the three dealers referred to above.

If fewer than three dealers are quoting as mentioned above, the CD Rate will remain the CD Rate then in effect on that interest determination date.

H.15(519) means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

H.15 Daily Update means the daily update of H.15(519), available through the Internet site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication.

CD Rate notes, like other notes, are not deposit obligations of a bank and are not insured by the Federal Deposit Insurance Corporation.

### ***CMS Rate Notes***

Each CMS Rate note will bear interest for each interest reset period at an interest rate based on the CMS Rate, plus or minus any spread, and/or multiplied by any spread multiplier, and will be subject to the minimum interest rate or the maximum interest rate, if any, as specified in the applicable pricing supplement.

Unless otherwise set forth in the applicable pricing supplement, the CMS Rate for each interest reset period will be the rate on the applicable interest determination date for the designated maturity specified in the pricing supplement that appears on Reuters Screen ISDAFIX1 as of 11:00 a.m., New York City time.

The following procedures will be followed if the CMS Rate cannot be determined as described above:

If the above rate is not displayed by 11:00 a.m. New York City time, the rate for such date shall be determined as if the parties had specified USD-CMS-Reference Banks as the applicable rate. USD-CMS-Reference Banks means, on any interest determination date, the rate determined on the basis of the mid-market semi-annual swap rate quotations provided by the Reference Banks at approximately 11:00 a.m., New York City time on such interest determination date; and for this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with a term equal to the designated maturity commencing on that date and in a representative amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an actual/360 day count basis, is equivalent to USD-LIBOR-BBA with the designated maturity specified in the applicable pricing supplement. The rate for that date will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If no rate is available as described above, the CMS Rate for the new interest reset period will be the same as for the immediately preceding interest reset period. If there was no such interest reset period, the CMS Rate will be the initial interest rate.

*Constant Maturity Treasury (CMT) Rate Notes*

CMT Rate notes will bear interest at the interest rates calculated with reference to the CMT Rate, plus or minus any spread, and/or multiplied by any spread multiplier, if any, as specified in the CMT Rate notes and in the applicable pricing supplement. CMT Rate notes will be subject to the minimum and the maximum interest rate, if any.

S-19

---

**Table of Contents**

Unless otherwise specified in the applicable pricing supplement, CMT Rate means, with respect to any interest determination date relating to a floating rate note for which the interest rate is determined with reference to the CMT Rate (a CMT Rate interest determination date ):

(i) If Reuters Page FRBCMT is the specified CMT Reuters Page in the applicable pricing supplement, the CMT Rate on the CMT Rate interest determination date shall be a percentage equal to the yield for United States Treasury securities at constant maturity having the index maturity specified in the applicable pricing supplement as set forth in H.15(519) under the caption Treasury constant maturities, as such yield is displayed on Reuters (or any successor service) on page FRBCMT (or any other page as may replace such page on such service) ( Reuters Page FRBCMT ) for such CMT Rate interest determination date. The calculation agent will follow the following procedures if the Reuters Page FRBCMT CMT Rate cannot be determined as described in the preceding sentence:

If such rate does not appear on Reuters Page FRBCMT, the CMT Rate on such CMT Rate interest determination date shall be a percentage equal to the yield for United States Treasury securities at constant maturity having the index maturity specified in the applicable pricing supplement and for such CMT Rate interest determination date as set forth in H.15(519) under the caption Treasury constant maturities.

If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate interest determination date shall be the rate for the period of the index maturity specified in the applicable pricing supplement as may then be published by either the Federal Reserve Board or the United States Department of the Treasury that the calculation agent determines to be comparable to the rate that would otherwise have been published in H.15(519).

If the Federal Reserve Board or the United States Department of the Treasury does not publish a yield on United States Treasury securities at constant maturity having the index maturity specified in the applicable pricing supplement for such CMT Rate interest determination date, the CMT Rate on such CMT Rate interest determination date shall be calculated by the calculation agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate interest determination date of three leading primary United States government securities dealers in New York City (which may include the agents or their affiliates) (each, a reference dealer ) selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity equal to the index maturity specified in the applicable pricing supplement, a remaining term to maturity no more than one year shorter than such index maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time.

If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate interest determination date shall be calculated by the calculation agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate interest determination date of three reference dealers selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity greater than the index maturity specified in the applicable pricing supplement, a remaining term to maturity closest to such index maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If two such United States Treasury securities with an original maturity greater than the index maturity specified in the applicable pricing supplement have remaining terms to maturity equally close to such index maturity, the quotes for the treasury security with the shorter original term to

maturity will be used. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate interest determination date shall be calculated by the calculation

S-20

---



**Table of Contents**

agent and shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; *provided, however*, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate interest determination date shall be the CMT Rate in effect on such CMT Rate interest determination date.

(ii) If Reuters Page FEDCMT is the specified CMT Reuters Page in the applicable pricing supplement, the CMT Rate on the CMT Rate interest determination date shall be a percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at constant maturity having the index maturity specified in the applicable pricing supplement as set forth in H.15(519) opposite the caption Treasury Constant Maturities, as such yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) ( Reuters Page FEDCMT ) for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate interest determination date falls. The calculation agent will follow the following procedures if the Reuters Page FEDCMT CMT Rate cannot be determined as described in the preceding sentence:

If such rate does not appear on Reuters Page FEDCMT, the CMT Rate on such CMT Rate interest determination date shall be a percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at constant maturity having the index maturity specified in the applicable pricing supplement for the week or month, as applicable, preceding such CMT Rate interest determination date as set forth in H.15(519) opposite the caption Treasury Constant Maturities.

If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate interest determination date shall be the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at constant maturity having the index maturity specified in the applicable pricing supplement as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate interest determination date falls.

If the Federal Reserve Bank of New York does not publish a one-week or one-month, as specified in the applicable pricing supplement, average yield on United States Treasury securities at constant maturity having the index maturity specified in the applicable pricing supplement for the applicable week or month, the CMT Rate on such CMT Rate interest determination date shall be calculated by the calculation agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate interest determination date of three reference dealers selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury securities with an original maturity equal to the index maturity specified in the applicable pricing supplement, a remaining term to maturity of no more than one year shorter than such index maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time.

If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate interest determination date shall be the rate on the CMT Rate interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotation shall be eliminated.

If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate interest determination date shall be calculated by the calculation agent and shall be a yield-to-maturity based on

the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate interest determination date of three reference dealers selected by the calculation agent from five such reference dealers selected by the calculation agent and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) for United States Treasury

S-21

---

**Table of Contents**

securities with an original maturity longer than the index maturity specified in the applicable pricing supplement, a remaining term to maturity closest to such index maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If two United States Treasury securities with an original maturity greater than the index maturity specified in the applicable pricing supplement have remaining terms to maturity equally close to such index maturity, the quotes for the Treasury security with the shorter original term to maturity will be used. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate interest determination date shall be the rate on the CMT Rate interest determination date calculated by the calculation agent based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; *provided, however*, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate determination date shall be the CMT Rate in effect on such CMT Rate interest determination date.

***Commercial Paper Rate Notes***

Each Commercial Paper Rate note will bear interest for each interest reset period at an interest rate equal to the Commercial Paper Rate, plus or minus any spread, and/or multiplied by any spread multiplier, as specified in such note and the applicable pricing supplement.

The Commercial Paper Rate for any interest determination date is the money market yield (as defined below) of the rate on that date for commercial paper having the index maturity described in the related pricing supplement, as published in H.15(519) under the heading Commercial Paper Nonfinancial prior to 3:00 p.m., New York City time, on the calculation date for that interest determination date.

The calculation agent will observe the following procedures if the Commercial Paper Rate cannot be determined as described above:

If the above rate is not published in H.15(519) by 3:00 p.m., New York City time, on the calculation date, the Commercial Paper Rate will be the money market yield of the rate on that interest determination date for commercial paper having the index maturity described in the pricing supplement, as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption Commercial Paper Nonfinancial.

If that rate is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the calculation date, then the calculation agent will determine the Commercial Paper Rate to be the money market yield of the arithmetic mean of the offered rates of three leading dealers of U.S. dollar commercial paper in New York City as of 11:00 a.m., New York City time, on that interest determination date for commercial paper having the index maturity described in the pricing supplement placed for an industrial issuer whose bond rating is AA, or the equivalent, from a nationally recognized securities rating organization. The calculation agent will select the three dealers referred to above.

If fewer than three dealers selected by the calculation agent are quoting as mentioned above, the Commercial Paper Rate will remain the Commercial Paper Rate then in effect on that interest determination date.

Money market yield means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money market yield} = \frac{Dx360}{360-(DxM)} \times 100$$

where  $D$  refers to the applicable annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and  $M$  refers to the actual number of days in the interest period for which the interest is being calculated.

S-22

---

**Table of Contents**

***Eleventh District Cost of Funds Rate Notes***

Eleventh District Cost of Funds Rate notes will bear interest for each interest reset period based on the Eleventh District Cost of Funds Rate and any spread and/or spread multiplier and will be subject to the minimum interest rate or the maximum interest rate, if any, specified in the applicable pricing supplement.

Unless otherwise set forth in the applicable pricing supplement, the Eleventh District Cost of Funds Rate for each interest reset period will be the rate on the applicable interest determination date equal to the monthly weighted average cost of funds for the calendar month preceding the interest determination date as displayed under the caption 11TH DIST COFI on Reuters Page COFI/ARMS. Reuters Page COFI/ARMS means the display page designated as page COFI/ARMS on Reuters, or any successor service or page, for the purpose of displaying the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District, as of 11:00 a.m., San Francisco time, on such interest determination date.

The following procedures will be followed if the Eleventh District Cost of Funds Rate cannot be determined as described above:

If the above rate is not displayed on the applicable interest determination date, the Eleventh District Cost of Funds Rate will be the Eleventh District Cost of Funds Rate index on the applicable interest determination date.

If the Federal Home Loan Bank ( FHLB ) of San Francisco fails to announce the rate for the calendar month next preceding the applicable interest determination date, then the Eleventh District Cost of Funds Rate for the new interest reset period will be the same as for the immediately preceding interest reset period. If there was no such interest reset period, the Eleventh District Cost of Funds Rate index will be the initial interest rate.

The Eleventh District Cost of Funds Rate index will be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that the FHLB of San Francisco most recently announced as the cost of funds for the calendar month preceding the applicable interest determination date.

***EURIBOR Notes***

Each EURIBOR note will bear interest for each interest reset period at an interest rate equal to EURIBOR, plus or minus any spread, and/or multiplied by any spread multiplier as specified in such note and the applicable pricing supplement.

The calculation agent will determine EURIBOR on each EURIBOR determination date, which is the second TARGET business day prior to the interest reset date for each interest reset period.

Unless otherwise specified in the applicable pricing supplement, EURIBOR means, with respect to any interest determination date relating to a floating rate note for which the interest rate is determined with reference to EURIBOR (a EURIBOR interest determination date ), a base rate equal to the interest rate for deposits in euro designated as EURIBOR and sponsored jointly by the European Banking Federation and ACI the Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing that rate. EURIBOR will be determined in the following manner:

EURIBOR will be the offered rate for deposits in euro having the index maturity specified in the applicable pricing supplement, beginning on the second TARGET business day after such EURIBOR interest

determination date, as that rate appears on Reuters Page EURIBOR 01 as of 11:00 a.m., Brussels time, on such EURIBOR interest determination date.

If the rate described above does not appear on Reuters Page EURIBOR 01, EURIBOR will be determined on the basis of the rates, at approximately 11:00 a.m., Brussels time, on such EURIBOR interest determination date, at which deposits of the following kind are offered to prime banks in the euro-zone interbank market by the principal euro-zone office of each of four major banks in that market selected by the calculation agent: euro deposits having such EURIBOR index maturity, beginning on

S-23

---

## **Table of Contents**

such EURIBOR interest reset date, and in a representative amount. The calculation agent will request that the principal euro-zone office of each of these banks provide a quotation of its rate. If at least two quotations are provided, EURIBOR for such EURIBOR interest determination date will be the arithmetic mean of the quotations.

If fewer than two quotations are provided as described above, EURIBOR for such EURIBOR interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading euro-zone banks quoted, at approximately 11:00 a.m., Brussels time on that interest determination date, by three major banks in the euro-zone selected by the calculation agent: loans of euro having such EURIBOR index maturity, beginning on such EURIBOR interest reset date, and in an amount that is representative of a single transaction in euro in that market at the time.

If fewer than three banks selected by the calculation agent are quoting as described above, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

Euro-zone means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

### ***Federal Funds Rate Notes***

Each Federal Funds Rate note will bear interest for each interest reset period at an interest rate equal to the federal funds rate, plus or minus any spread, and/or multiplied by any spread multiplier as specified in such note and the applicable pricing supplement. The federal funds rate will be calculated by reference to either the federal funds (effective) rate, the federal funds open rate or the federal funds target rate, as specified in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, federal funds rate means the rate determined by the calculation agent, with respect to any interest determination date relating to a floating rate note for which the interest rate is determined with reference to the federal funds rate (a federal funds rate interest determination date), in accordance with the following provisions:

(i) If federal funds (effective) rate is the specified federal funds rate in the applicable pricing supplement, the federal funds rate as of the applicable federal funds rate interest determination date shall be the rate with respect to such date for United States dollar federal funds as published in H.15(519) opposite the caption Federal funds (effective), as such rate is displayed on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) ( Reuters Page FEDFUNDS1 ) under the heading EFFECT, or, if such rate is not so published by 3:00 p.m., New York City time, on the calculation date, the rate with respect to such federal funds rate interest determination date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption Federal funds (effective). If such rate does not appear on Reuters Page FEDFUNDS1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related calculation date, then the federal funds rate with respect to such federal funds rate interest determination date shall be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of U.S. dollar federal funds transactions in New York City (which may include the agents or their affiliates) selected by the calculation agent, prior to 9:00 a.m., New York City time, on the business day following such federal funds rate interest determination date; provided, however, that if the brokers so selected by the calculation agent are not quoting as mentioned in this sentence, the federal funds rate determined as of such federal funds rate interest determination date will be the federal funds rate in effect on such federal funds rate interest determination date.

(ii) If federal funds open rate is the specified federal funds rate in the applicable pricing supplement, the federal funds rate as of the applicable federal funds rate interest determination date shall

S-24

---



**Table of Contents**

be the rate on such date under the heading **Federal Funds** for the relevant index maturity and opposite the caption **Open** as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) ( **Reuters Page 5** ), or, if such rate does not appear on Reuters Page 5 by 3:00 p.m., New York City time, on the calculation date, the federal funds rate for the federal funds rate interest determination date will be the rate for that day displayed on FFPREBON Index page on Bloomberg L.P. ( **Bloomberg** ), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 p.m., New York City time, on the related calculation date, then the federal funds rate on such federal funds rate interest determination date shall be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in New York City (which may include the agents or their affiliates) selected by the calculation agent prior to 9:00 a.m., New York City time, on such federal funds rate interest determination date; provided, however, that if the brokers so selected by the calculation agent are not quoting as mentioned in this sentence, the federal funds rate determined as of such federal funds rate interest determination date will be the federal funds rate in effect on such federal funds rate interest determination date.

(iii) If **federal funds target rate** is the specified federal funds rate in the applicable pricing supplement, the federal funds rate as of the applicable federal funds rate interest determination date shall be the rate on such date as displayed on the FDTR Index page on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 p.m., New York City time, on the calculation date, the federal funds rate for such federal funds rate interest determination date will be the rate for that day appearing on Reuters Page USFFTARGET= (or any other page as may replace such page on such service) ( **Reuters Page USFFTARGET=** ). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 p.m., New York City time, on the related calculation date, then the federal funds rate on such federal funds rate interest determination date shall be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in New York City (which may include the agents or their affiliates) selected by the calculation agent prior to 9:00 a.m., New York City time, on such federal funds rate interest determination date.

***LIBOR Notes***

Each LIBOR note will bear interest for each interest reset period at an interest rate equal to the London interbank offered rate, referred to as LIBOR, plus or minus any spread, and/or multiplied by any spread multiplier, as specified in such note and the applicable pricing supplement.

On each interest determination date, LIBOR will be the rate for deposits in the designated LIBOR currency having the index maturity specified in such pricing supplement as such rate is displayed on Reuters on page LIBOR01 (or any other page as may replace such page on such service for the purpose of displaying the London interbank rates of major banks for the designated LIBOR currency) ( **Reuters Page LIBOR01** ) as of 11:00 a.m., London time, on such LIBOR interest determination date.

On any interest determination date on which no rate is displayed on Reuters Page LIBOR01, the calculation agent will determine LIBOR as follows:

LIBOR will be determined on the basis of the offered rates, at approximately 11:00 a.m., London time, on the relevant LIBOR interest determination date, at which deposits in the LIBOR currency having the index maturity described in the related pricing supplement, beginning on the relevant interest reset date and in a representative amount, are offered by four major banks in the London interbank market to prime banks in that market. The calculation agent will select the four banks and request the principal London office of each of

those banks to provide a quotation of its rate for deposits in the LIBOR

S-25

---

## **Table of Contents**

currency. If at least two quotations are provided, LIBOR for that interest determination date will be the arithmetic mean of those quotations.

If fewer than two quotations are provided as mentioned above, LIBOR will be the arithmetic mean of the rates quoted by three major banks in the principal financial center selected by the calculation agent at approximately 11:00 a.m. in the applicable principal financial center, on the interest determination date for loans to leading European banks in the LIBOR currency having the index maturity designated in the pricing supplement and in a principal amount that is representative for a single transaction in the LIBOR currency in that market at that time. The calculation agent will select the three banks referred to above.

If fewer than three banks selected by the calculation agent are quoting as described above, LIBOR will remain LIBOR then in effect on that interest determination date.

LIBOR currency means the currency specified in the applicable pricing supplement as to which LIBOR shall be calculated or, if no such currency is specified in the applicable pricing supplement, United States dollars.

### ***Prime Rate Notes***

Prime Rate notes will bear interest at a rate equal to the Prime Rate, plus or minus any spread, and/or multiplied by any spread multiplier as specified in the Prime Rate notes and the applicable pricing supplement.

The Prime Rate for any interest determination date is the prime rate or base lending rate on that date, as published in H.15(519) by 3:00 p.m., New York City time, on the calculation date for that interest determination date under the heading Bank Prime Loan or, if not published by 3:00 p.m., New York City time, on the related calculation date, the rate on such interest determination date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption Bank Prime Loan.

The calculation agent will follow the following procedures if the Prime Rate cannot be determined as described above:

If the rate is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the calculation date, then the calculation agent will determine the Prime Rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on USPRIME1 as that bank's prime rate or base lending rate as in effect for that interest determination date.

If at least one rate but fewer than four rates appear on USPRIME1 on the interest determination date, then the Prime Rate will be the arithmetic mean of the prime rates or base lending rates quoted (on the basis of the actual number of days in the year divided by a 360-day year) as of the close of business on the interest determination date by three major money center banks in the City of New York selected by the calculation agent.

If the banks selected by the calculation agent are not quoting as mentioned above, the Prime Rate will remain the Prime Rate then in effect on the interest determination date.

USPRIME1 means the display on the Reuters 3000 Xtra Service (or any successor service) on the USPRIME1 Page (or such other page as may replace the USPRIME1 Page on such service) for the purpose of displaying Prime Rates or base lending rates of major U.S. banks.

### ***Treasury Rate Notes***

Treasury Rate notes will bear interest at a rate equal to the Treasury Rate, plus or minus any spread, and/or multiplied by any spread multiplier as specified in the Treasury Rate notes and the applicable pricing supplement.

S-26

---

**Table of Contents**

The Treasury Rate for any interest determination date is the rate from the auction held on such treasury rate interest determination date (the auction) of direct obligations of the United States (treasury bills) having the index maturity specified in such pricing supplement under the caption INVEST RATE on the display on Reuters page USAUCTION10 (or any other page as may replace such page on such service) or page USAUCTION11 (or any other page as may replace such page on such service) by 3:00 p.m., New York City time, on the calculation date for that interest determination date.

The calculation agent will follow the following procedures if the Treasury Rate cannot be determined as described above:

If the rate is not so published by 3:00 p.m., New York City time, on the calculation date, the Treasury Rate will be the bond equivalent yield (as defined below) of the auction rate of such Treasury Bills as published in H.15 Daily Update, or such recognized electronic source used for the purpose of displaying such rate, under the caption U.S. Government Securities/ Treasury Bills/ Auction High.

If the rate is not so published by 3:00 p.m., New York City time, on the calculation date and cannot be determined as described in the immediately preceding paragraph, the Treasury Rate will be the bond equivalent yield of the auction rate of such Treasury Bills as otherwise announced by the United States Department of Treasury.

If the results of the most recent auction of Treasury Bills having the index maturity described in the pricing supplement are not published or announced as described above by 3:00 p.m., New York City time, on the calculation date, or if no auction is held on the interest determination date, then the Treasury Rate will be the bond equivalent yield on such interest determination date of Treasury Bills having the index maturity specified in the applicable pricing supplement as published in H.15(519) under the caption U.S. Government Securities/ Treasury Bills/ Secondary Market or, if not published by 3:00 p.m., New York City time, on the related calculation date, the rate on such interest determination date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption U.S. Government Securities/ Treasury Bills (Secondary Market).

If such rate is not published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related calculation date, then the calculation agent will determine the Treasury Rate to be the bond equivalent yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on the interest determination date of three leading primary U.S. government securities dealers (which may include the Agents or their affiliates) for the issue of Treasury Bills with a remaining maturity closest to the index maturity described in the related pricing supplement. The calculation agent will select the three dealers referred to above.

If fewer than three dealers selected by the calculation agent are quoting as mentioned above, the Treasury Rate will remain the Treasury Rate then in effect on that interest determination date.

Bond equivalent yield means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where D refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, N refers to 365 or 366, as the case may be, and M refers to the actual number of days in the applicable

interest reset period.

**Original Issue Discount Notes**

We may issue notes as original issue discount notes. An original issue discount note is a note, including a zero coupon note, offered at a discount from the principal amount of the note due at its stated maturity, as specified in the applicable pricing supplement.

S-27

---

**Table of Contents**

Unless otherwise specified in the applicable pricing supplement, the amount payable at acceleration of maturity to the holder of an original issue discount note will be the sum of:

the amortized face amount of the note; and

in the case of an interest-bearing note issued as an