

KEYCORP

COMPENSATION COMMITTEE

CHARTER

AS OF MAY 5, 2005

Committee Mission. The Committee acts on behalf of the KeyCorp Board of Directors in the best interests of the Corporation and its shareholders with regard to executive compensation programs (including incentive compensation and employment and change of control contracts, and executive equity compensation), executive performance, employee benefit and compensation matters, and organizational issues, and the preparation of any report on executive compensation made pursuant to the Securities Exchange Act of 1934, as amended, to be included in the Corporation's annual proxy statement.

Members of the Committee are appointed by the Board of Directors based on the recommendation of the Nominating and Corporate Governance Committee and shall serve at the pleasure of the Board. The Board of Directors shall appoint the Committee Chair. Members of the Committee shall meet the independence requirements of the New York Stock Exchange.

The Committee shall conduct and review with the Board of Directors annually an evaluation of the Committee's performance with respect to the requirements of this Charter.

The Committee shall make regular reports of its meetings to the Board of Directors.

The Committee shall have the sole authority to retain and terminate compensation consultants to assist in the evaluation of senior executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants.

Functions, Duties and Authorities. The Compensation Committee shall:

1. as to senior executive performance:
 - (a) annually review and approve corporate goals and objectives for purposes of assessing the performance of the Chief Executive Officer and the Corporate Senior Executives (as defined below),
 - (b) conduct an annual review, with input from the full Board, of the performance of the Chief Executive Officer,

- (c) annually review with the Chief Executive Officer the performance of the Corporate Senior Executives, with particular attention to the Chief Executive Officer's direct reports and the other most senior officers of the Corporation. The term "Corporate Senior Executive" means an officer of the Corporation that (i) is a direct report to the Chief Executive Officer, (ii) participates in the Annual Incentive Plan with a total direct compensation target (base salary and annual and long term incentive compensation) of \$500,000 or more, or (iii) is a Line Of Business Senior Executive as defined below, a member of the Management Committee or any position deemed by management to be of strategic importance., and
- (d) annually review with the Chief Executive Officer or the head of the appropriate line of business the performance of Line of Business Senior Executives. The term "Line of Business Senior Executive" means an officer participating in a line of business incentive compensation plan (excluding commission based plans) who meets at least one of the following criteria: (i) has a combined base salary, annual line of business incentive plan target incentive, and, if applicable, annualized long term incentive plan target incentive equal to \$750,000 or more, or (iii) has been assured of receiving \$750,000 or more in annual total cash compensation.

2. as to compensation:

- (a) provide guidance and oversight for the overall corporate compensation philosophy,
- (b) annually review and provide oversight for the Corporation's general salary administration program ,
- (c) approve and amend the overall compensation program for Corporate Senior Executives,
- (d) provide guidance and oversight for the overall compensation program for Line of Business Senior Executives,
- (e) approve, as applicable, performance metrics, vesting provisions and participation under the Corporation's Long Term Incentive Plan,
- (f) approve performance metrics and pool funding for the Corporation's Annual Incentive Plan,
- (g) with respect to the Chief Executive Officer and other Corporate Senior Executives:
 - (i) review and approve Corporate Senior Executive goals and objectives relevant to compensation, evaluate performance in light of those goals and objectives, and, based on this evaluation, approve compensation and compensation changes including Annual Incentive Plan awards and, if applicable, Long Term Incentive Plan awards

- (ii) approve their hiring and promotion,
 - (iii) approve the termination of employment in cases where the Chair of the Committee, after being advised by the Chief Executive Officer of the circumstances of the termination (which the Chief Executive Officer shall do prior to the event), requests the matter be brought to the full Committee, and
 - (iv) approve the financial terms relating to termination of employment, whether voluntary or involuntary, where the financial terms are other than those called for contractually or pursuant to normal corporate policy.
- (h) with respect to Line of Business Senior Executives,
- (i) review incentive awards for those executives receiving awards of \$750,000 or more which are not based solely on commission,
 - (ii) approve their hiring and promotion, and
 - (iii) approve the financial terms relating to termination of employment, whether voluntary or involuntary, where the financial terms are other than those called for contractually or pursuant to normal corporate policy.
- (i) with respect to the Corporation's incentive compensation plans generally, annually review and provide oversight of the process by which those plans are designed and the process and philosophy by which performance measures are selected, review, at a high level or on a macro basis, the appropriateness of the payout to the performance of the business unit or groupings in question, and review the procedures and processes that the Corporation has developed to assure that plan payouts reflect performance against the specified plan metrics,
- (j) approve the terms of all employment contracts, letters, or similar arrangements of two years or more in duration and all amendments thereto, excluding, however, employment contracts, letters or similar arrangements entered into in connection with acquisitions by the Corporation and its subsidiaries, provided such contracts, letters or similar arrangements are for three years or less and will cover officers or employees of the entity being acquired who will be assigned to a job grade 88 or lower (or, if the position is ungraded, is a position equivalent to job grade 88 or lower),
- (k) approve all change of control agreements if they provide change of control benefits of more than one year's total cash compensation, and
- (l) with respect to equity based or incentive compensation plans for officers:
- (i) recommend to the Board the approval and amendment of any such plan that requires Board approval, and approve and amend any other plan.

- (ii) interpret, administer, and determine awards and grants under any such plan, and
 - (iii) perform all of the duties of any committee provided for by any such plans.
- 3. as to all KeyCorp employee qualified retirement plans, including 401(k) plans (the "Qualified Plans") in conjunction with the Corporation's role as a Plan settlor:
 - a) approve and amend Qualified Plans and related trust agreements, provided, however, that management has the authority to approve any such amendments as may be required by law or regulation, and
 - (b) perform the duties, if any, of the Board of Directors or any committee thereof under the provisions of the Qualified Plans, and
- 4. as to organization:
 - (a) review the organization structure and staffing of the Corporation and its subsidiaries,
 - (b) review the Corporation's depth of management and plans for management development and succession.
- 5. as to this Charter, annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors.

Delegation to Subcommittee. The Committee may delegate to a subcommittee of its members (including alternates) any of its functions, duties and authorities, on such terms and conditions and with such limitations (if any) as the Committee deems appropriate.