

FIRST NIAGARA FINANCIAL GROUP INC  
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Subject Company: First Niagara Financial Group, Inc.

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**Explanatory Note: The following communication was posted by KeyCorp on its internal website on February 17, 2016.**

***Barron's*: KeyCorp stock is an overlooked banking bargain**

In today's economic environment, KeyCorp stock and other bank stocks are considered bargains with great upside potential.

*Barron's* recently published article, [KeyCorp: An Overlooked Banking Bargain](#) places Key center stage as a company well-positioned, in light of the recent bank stock sell-off in the U.S. market, that outpaces its peers on a combination of valuation and growth potential.

Namely, *Barron's* considers KeyCorp stock undervalued, which traded at more than \$15 a share last summer and now goes for \$10.49 and believes it could increase by 30 percent.

*Barron's* also reports that Key is expected to grow EPS by 7%, to \$1.15, putting the stock at nine times forward earnings, versus a five-year average of 11.3 times.

Key shares have tumbled about 20% this year, roughly in line with the performance of the KBW Bank index, which tracks big banks.

I don't know how you get from our performance and the health of our industry to that kind of rapid devaluation, CEO Beth Mooney told *Barron's*. I think we're under pressure from across the pond and I don't mean Lake Erie.

But the publication sees a silver lining: Key looks capable of doing well, even if the Fed backs off from its plan to slowly hike rates, the article states. Key has grown revenue over the past two years without rate increases, and its First Niagara purchase could provide plenty of additional opportunities for self-help. The merger brings Key new products, such as residential mortgages and auto loans, and new markets, including Philadelphia and New Haven, Conn., as well as increasing its share in New York, where it has a long history. Key, in turn, can sell its broad menu of commercial products to First Niagara's customers.



**IMPORTANT ADDITIONAL INFORMATION AND WHERE TO FIND IT**

In connection with the proposed merger, KeyCorp has filed with the SEC a Registration Statement on Form S-4 (Registration No. 333-208272) on November 30, 2015 that includes the preliminary Joint Proxy Statement of KeyCorp and First Niagara and a preliminary Prospectus of KeyCorp, as well as other relevant documents concerning the proposed transaction. The S-4, as amended, was declared effective by the SEC on February 4, 2016 and the definitive Joint Proxy Statement/Prospectus was first mailed to stockholders of KeyCorp and First Niagara on or about February 5, 2016. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. **INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.**

A free copy of the definitive Joint Proxy Statement/Prospectus, as well as other filings containing information about KeyCorp and First Niagara, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from KeyCorp at [investor.key.com](http://investor.key.com) or from First Niagara by accessing First Niagara's website at [www.firstniagara.com](http://www.firstniagara.com). Copies of the definitive Joint Proxy Statement/Prospectus can also be obtained, free of charge, by directing a request to KeyCorp Investor Relations at Investor Relations, KeyCorp, 127 Public Square, Mailcode OH-01-27-0737, Cleveland, Ohio 44114-1306, by calling (216) 689-3000, or by sending an e-mail to [investor\\_relations@keybank.com](mailto:investor_relations@keybank.com) or to First Niagara Investor Relations at 726 Exchange Street, Suite 618, Buffalo, New York 14210, by calling (716) 819-5669 or by sending an e-mail to [investor@fnfg.com](mailto:investor@fnfg.com). In addition, KeyCorp and First Niagara use their respective Investor Relations websites and social media outlets as channels of distribution of material company information. Such information is accessible on KeyCorp's and First Niagara's Investor Relations websites, as well as on their respective Facebook pages and through their Twitter accounts and LinkedIn accounts.

KeyCorp and First Niagara and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the respective shareholders of KeyCorp and First Niagara in respect of the transaction described in the definitive Joint Proxy Statement/Prospectus. Information regarding KeyCorp's directors and executive officers is contained in KeyCorp's Proxy Statement on Schedule 14A, dated April 7, 2015, which is filed with the SEC. Information regarding First Niagara's directors and executive officers is contained in First Niagara's Proxy Statement on Schedule 14A, dated March 23, 2015, which is filed with the SEC. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the definitive Joint Proxy Statement/Prospectus regarding the proposed merger. Free copies of this document may be obtained as described in the preceding paragraph.

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not limited to, KeyCorp's and First Niagara's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as believe, expect, anticipate, intend, target, estimate, continue, positions, plan, predict, project, objective, prospects, possible or potential, by future conditional verbs such as assume, will, would, should, may, or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made and we assume no duty to update forward-looking statements. Actual results may differ materially from current projections.

In addition to factors previously disclosed in KeyCorp's and First Niagara's reports filed with the SEC and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: ability to obtain regulatory approvals and meet other closing conditions to the merger, including approval by KeyCorp and First Niagara shareholders on the expected terms and schedule, including the risk that regulatory approvals required for the merger are not obtained or are obtained subject to conditions that are not anticipated; delay in closing the merger; difficulties and delays in integrating the First Niagara business or fully realizing cost savings and other benefits; business disruption following the merger; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer acceptance of KeyCorp's products and services; customer borrowing, repayment, investment and deposit practices; customer disintermediation; the introduction, withdrawal, success and timing of business initiatives; competitive conditions; the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions and divestitures; economic conditions; and the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms.