



KEYCORP

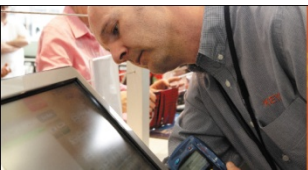
Scheme Meeting – Chairman’s Address

Melbourne, November 19, 2010

39012345678901234567890123456789012345678901234567890

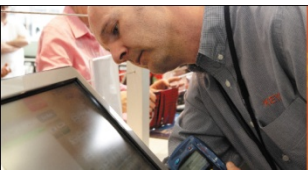
Purpose of Scheme Meeting

“The purpose of the Scheme Meeting is to consider and, if though fit, to agree to a scheme of arrangement (with or without modification) to be made between Keycorp Limited (Company) and the Company’s ordinary shareholders to effect the acquisition of 100% of the issued shares of the Company by Overland Transaction Services Pty Ltd (Overland) – a wholly-owned subsidiary of Archer Capital.”



Status of Conditions of the Scheme

- Implementation of the scheme is subject to a number of conditions detailed in Section 8.8 of the Scheme Booklet and Clause 3.1 of the Scheme Implementation Agreement.
- If the necessary majority of shareholders vote in favour of the Scheme and all scheme Conditions are satisfied or waived, then the Court will be asked to approve the Scheme on November 26.
- A condition is that the independent Expert states that in its opinion the Scheme is in the best interests of Keycorp shareholders.
- As at the date of this meeting, Keycorp and Overland are not aware of any circumstance which would cause the Scheme Conditions not to be satisfied.



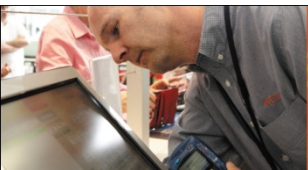
Recap 2007 – The need for change

“Old” business was unsustainable

- Continuing operating losses & rapid deterioration of cash flows
- Significant debt & breach of banking covenants
- 68% reduction in share price and declining further
- Prospects limited
- Required shareholder (Telstra) guarantee to continue trading

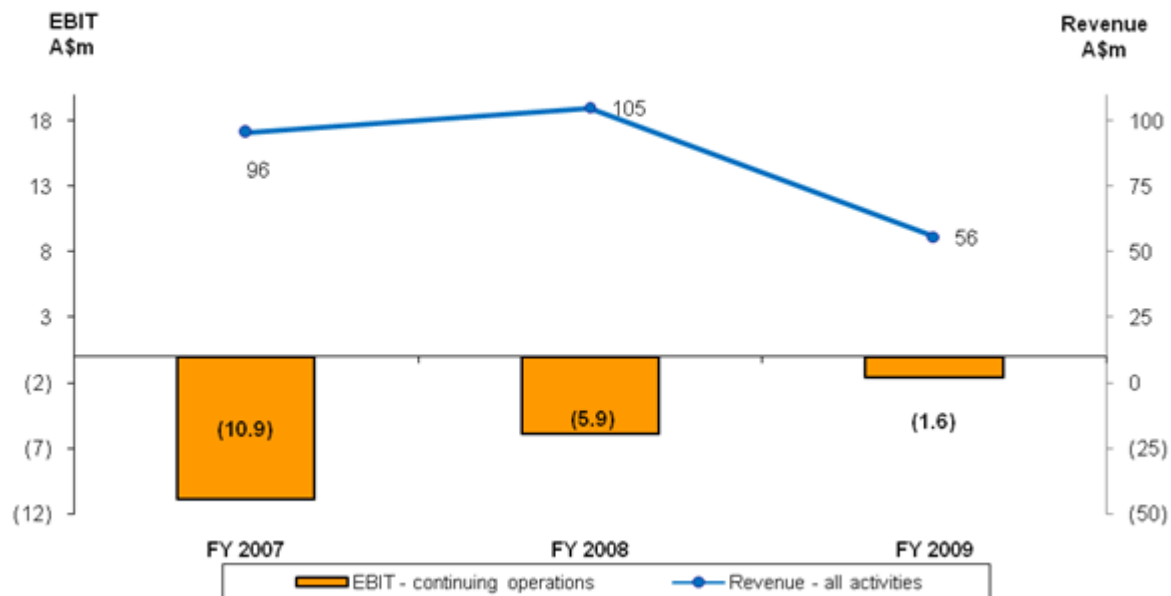
Focus (AGM 2007)

- Stabilise the business & align the business around a services model
- Aim to grow the service model

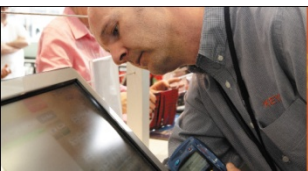


Stabilise & Align

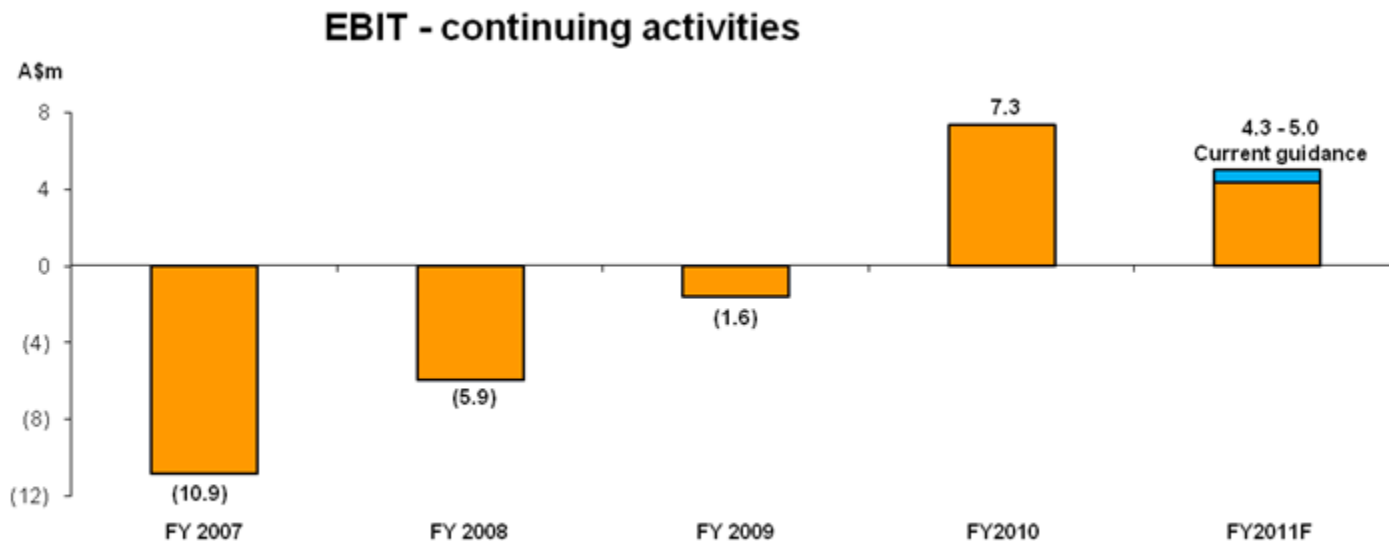
EBIT (continuing) & Revenues (all activities)



Action	Impact
<ul style="list-style-type: none"> sold Canadian operations sold Smartcards business 	provided funds to repay debt
<ul style="list-style-type: none"> ceased design and manufacturing reduced overheads 	
	stabilised Keycorp as a smaller services oriented business



Current Business

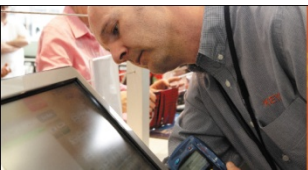


EBIT run rate of ~ \$5m p.a. on a revenue base of ~ \$32m

(note : FY10 included one off gains from EMV product upgrades (1st half) & cessation of Westpac contract (2nd half))

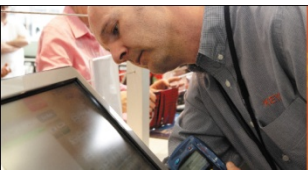
Key Issues Moving Forward

- Narrow organic market opportunities
- Customer concentration risk
- Small / sub scale for a public company



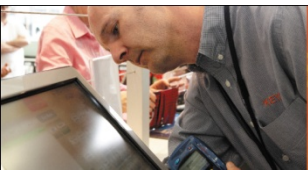
Options & Alternatives

Option	Assessment/Feedback	Shareholder Impact
1. Return surplus cash to shareholders	Minimal growth scenario	Realise part value only Current key business issues remain plus lack of capital for growth
2. Debt only funded growth	Ongoing business too small to fund meaningful growth Post GFC – reduced borrowing capacity & restrictive covenants & costs	Debt funding insufficient to fund meaningful growth success Risk profile increases



Options & Alternatives

Option	Assessment/Feedback	Shareholder Impact
3. Merger	Value of Company below fundamentals & current offer	Significant equity dilution
4. Trade sale	Limited viable trade sale options and lack of certainty as highly conditional	Value via trade sale below current offer
5. Institutional support/funding (19 approaches)	Business too small Customer concentration cited as key risk Unproven acquisition execution	Any support from institutions requires significant price discount to market



Archer offer

Process:

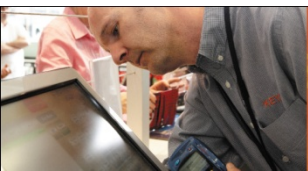
- Board established a formal process – independent advisors appointed
- 8 offers were evaluated
- Offers evaluated on the basis of value and certainty to complete

Outcome:

- Archer offer is the best available outcome for shareholders:
 - 42% premium to underlying enterprise value
 - 20.8% premium to 12 month vwap price
 - Represents highest price since Feb 2007
 - Most certain to complete (including “go alone” growth)
- The offer, compared to other available alternatives considered including other offers, is considered a superior outcome in terms of both value and certainty

Directors’ conditions for supporting the offer:

- In the absence of a superior proposal
- Independent expert’s assessment that offer is in the best interests of all Keycorp shareholders



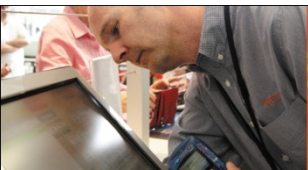
Directors' reasons in support of the Scheme

1. Most value enhancing alternative:

- will deliver greater value than Keycorp would generate as a standalone entity
- offers certainty compared to other available options

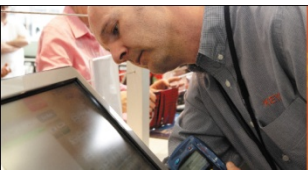
2. In the context of the current business:

- an attractive premium to current & recent historical trading price of Keycorp (highest price since Feb 2007 & 20.8% premium to 12 month weighted average price)
- an attractive premium to the underlying enterprise value of the business (42% premium)



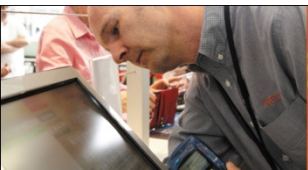
Directors' reasons in support of the Scheme

3. The Scheme avoids the inherent risks to implement a stand alone growth strategy. A standalone strategy requires additional investment in the form of both considerable debt and a large scale capital raising which will increase the risk profile of the business and impact shareholders via equity dilution
4. Genuine liquidity event for shareholders whereby they can exit their shareholding in return for cash. The full amount of current cash reserves cannot be released to shareholders except via a takeover



Directors' reasons in support of the Scheme

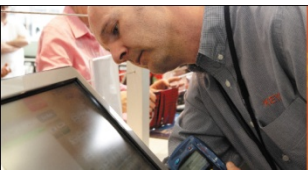
5. Independent expert, Grant Thornton, opinion is that the scheme consideration is **fair** and **reasonable** and in the **best interests** of Keycorp shareholders
6. The Scheme consideration of \$0.58 is higher than the assessed value of Keycorp shares by the Independent Expert of between \$0.54 & \$0.55 per share
7. No superior proposal(s) from another party has been received



Directors' reasons in support of the Scheme

8. Finally, since the offer, the shareholder register has become far more unstable – approx. 18% of shares are now held by hedge funds & other potential sellers.

Should the scheme fail, there is a real potential for Keycorp to trade at a significant discount to the scheme consideration as alluded to in the Independent Expert's report.

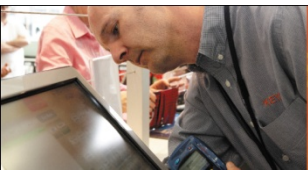


Directors' Recommendation

On the basis of:

1. Options and alternative offers evaluated
2. Favourable Independent Expert's Report
3. No superior offer received

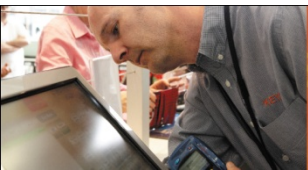
“The board is firmly of the view that Archer offer presents a superior outcome to all other carefully explored alternatives. The independent expert's report further reflects the board's view on valuation, and that the scheme is in the best interests of all shareholders”



Resolution: Approval of the Scheme of Arrangement

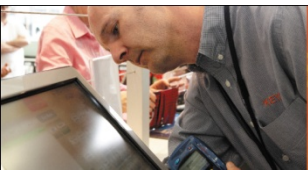
To consider, and if thought fit, to pass the following Resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

“That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme of Arrangement, the terms of which are contained and more particularly described in the Scheme Booklet is approved, with or without modification as approved by the Supreme Court of Victoria.”



Poll

- I will now hand over to Computershare who will run the Poll.
- I appoint David Squires as the Returning Officer.





**Meeting close
&
Thank you**