

**NOTICE OF SCHEME MEETING
and
INDEPENDENT EXPERT DEEMS ACQUISITION OF KEYCORP
FAIR AND REASONABLE**

FOR IMMEDIATE RELEASE

Melbourne, 19 October 2010

Highlights:

- Approval by the Supreme Court of Victoria to hold a shareholders' meeting to vote on the Scheme of Arrangement in relation to the proposed acquisition of all shares in Keycorp Limited by Archer Capital VCLP GF 1.
- The Scheme consideration of \$0.58 per share is higher than the assessed value of Keycorp shares by the independent expert of between \$0.54 and \$0.55 per share.
- The independent expert's report has concluded that the Scheme is fair and reasonable and in the best interests of shareholders in the absence of a superior proposal.
- The Board reaffirms its support for the Scheme as being in the best interests of all shareholders in the absence of a superior proposal.
- The Notice of Meeting and Scheme Booklets will be dispatched to all Keycorp shareholders by 21 October 2010.
- The Scheme meeting is scheduled for 19 November 2010 in Melbourne.

Keycorp Limited (ASX Code: KYC) advises that it has received the approval of the Supreme Court of Victoria to hold a shareholder meeting to vote on the Scheme of Arrangement (Scheme) in relation to the proposed acquisition of all shares in Keycorp Limited by Overland Transaction Services Pty Ltd, a wholly owned subsidiary of Archer capital VCLP GF, LP (Archer Capital).

The Scheme Booklet, setting out information for Keycorp shareholders on the proposed acquisition, has been registered with the Australian Securities and Investments Commission and filed with the Australian Securities Exchange. Scheme Booklets will be dispatched to all Keycorp shareholders by 21 October 2010.

The Scheme consideration of \$0.58 per share is higher than the assessed value of Keycorp shares by the independent expert, Grant Thornton, of between \$0.54 and \$0.55 per share. The independent expert has also concluded that the Scheme is fair and reasonable and, accordingly, is in the best interests of all shareholders in the absence of superior proposal.

The Board's recommendation of the Scheme was subject to the independent expert's report. As a result of the report, the Directors remain unified in their support for the offer by Archer Capital and unanimously recommend that all shareholders vote in favour of the Scheme in the absence of superior proposal.



Keycorp’s Chairman, Mr. Rob Bishop, said: “The board is firmly of the view that the 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 shareholders.”

The Scheme Booklet sets out in detail the benefits of the Scheme, including:

- An attractive 42% premium for shareholders on the underlying enterprise value of the business;
- A premium of 20.8% to the 12 month volume weighted average price (VWAP) and a premium of 14.4% to the 3 month VWAP, both to the last close price before announcement of the Offer;
- Shareholders realize the full value of the Company in cash; and
- The Scheme avoids the risk and potential dilutive effect to Shareholders associated with the funding of any available growth strategy.

In addition, the Board considers the Scheme to be attractive to shareholders for the following reasons:

- Allows shareholders the opportunity to realize the full value of the Company. The alternative, to return surplus cash to shareholders would only realize part of the value of the Company as the Board is planning to retain current cash reserves for either acquisitions or working capital requirements. Returning the cash to shareholders would leave the business with insufficient capital to fund any meaningful growth; and
- Provides a liquidity event for shareholders whereby they can exit their shareholding with certainty in return for cash. This is important given Keycorp is a very thinly traded stock and that approximately 25% of current cash reserves are required to fund working capital, lease finance and other commitments that cannot be released except via takeover.

The Notice of Meeting provides Keycorp shareholders with details of the Scheme meeting which is scheduled for 19 November 2010 at Middletons, Level 25, South Tower, Rialto, 525 Collins Street, Melbourne.

The Scheme Booklet contains detailed information to consider before voting at the Scheme meeting and instructions relating to the lodgement of votes with a summary of important dates as follows:

Date and time	Event
17 November 2010	Date and time for determining eligibility to vote at Scheme Meeting
17 November 2010	Latest date and time for lodgement of Proxy Forms or powers of attorney for Scheme Meeting
19 November 2010	Scheme Meeting to vote on the Scheme to be held at 11:00am at Middletons, Level 25, South Tower, Rialto, 525 Collins Street, Melbourne, Victoria
26 November 2010	Court Approval Date for approval of the Scheme
26 November 2010	Effective Date - Court Order lodged with ASIC and announced to the ASX



Date and time	Event
26 November 2010	Keycorp Shares cease trading on the ASX at close of trading
3 December 2010	Scheme Record Date for determining entitlements to Scheme
8 December 2010	Implementation Date - Scheme Shares transferred to Overland Transaction Services Pty Ltd and Scheme Consideration provided to Scheme Shareholders

Shareholders can vote in person at the meeting. Alternatively, they may lodge a proxy, either online at www.investorvote.com.au or by sending the proxy form to the Company (in accordance with the instructions contained in the Scheme Booklet). Shareholders are encouraged to participate in this important decision about the Company's future.

For further information on the Scheme please contact the Keycorp information line on 1800 648 622 or +61 2 8256 3377

About Keycorp

Keycorp Limited (KYC:ASX) is a leading Australian provider of secure electronic transactions solutions with a focus on point-of-sale transaction systems to managed services.

For further information see: <http://www.keycorp.net> or contact:

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