

Sydney: 3rd April, 2008

KEYCORP RECEIVES BINDING LETTER OF INTENT FOR THE SALE OF KEYCORP CANADA INCORPORATED

- Cash offer of approx \$AUD7.2 million.
- Strategic move in line with increased focus on services business, strategic growth in Australasia and with existing multi-national customer locations in the Asia Pacific Region.
- Net free cash flow of approx \$6.5m AUD will be used as debt prepayment on existing facilities.
- Deal is expected to close by end of April.

FOR IMMEDIATE RELEASE

Keycorp Limited (ASX: KYC), a global supplier of secure electronic transaction solutions, today announces the sale for cash of its Canadian subsidiary Keycorp Canada Inc to Moneris Solutions. The deal is subject to final due diligence and is expected to close by the end of April.

Dr Ken Carr, CEO of Keycorp said "The transaction is an excellent outcome for Keycorp, as it produces significant value for Keycorp, and is in the best interests of our Canadian services customer base". Keycorp has had a long and profitable relationship with Moneris Solutions, which plans to integrate the current business offerings into their portfolio of payment services, and will be able to offer a wider range of valued services to existing merchant customers.

The cash offer of approximately \$7.2m AUD is significantly higher than the expected net present value of earnings over the next two years for the Canadian business. Dr Carr said "This offer represents a tangible cash incentive beyond normal operations over this period. The premium being paid in excess of net assets is a reflection of the management, time and cash invested by Keycorp in the Canadian subsidiary, and provides good value to Keycorp and its shareholders".

The sale of the Canadian operations to Moneris provides an opportunity for Keycorp to increase its services business focus on strategic growth in Australasia and with existing multi-national customer locations in the Asia Pacific Region. Keycorp will maintain its very successful Smartcard operations in Canada, across all its existing fields of Finance and Identity Management.



It is expected that the net free cash flow in the region of \$6.5m AUD will be utilised as debt prepayment on existing facilities. It is anticipated that this repayment will allow the company further headroom within existing facilities to further expand in line with its strategic direction. The transaction is expected to result in a net loss on disposal in the income statement for the Group in the region of \$2m AUD. This loss predominately relates to the de-recognition of deferred tax assets (as certain losses will not be available for use by Keycorp), and relinquishing of related intercompany loans.

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About Keycorp

Keycorp Limited (ASX: KYC) is a global provider of secure electronic transactions with solutions from smartcards and point-of-service transaction systems to managed services.

Keycorp is a founding member of the MULTOS consortium, which has responsibility for developing the MULTOS multi-application smartcard operating system. Keycorp develops and distributes smartcard operating systems such as MULTOS, as well as smartcard applications.

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

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