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Director of Technical Application and Implementation Activities Financial Accounting Standards Board 401 Merritt 7 Post Office Box 5116 Norwalk, Connecticut 06856-5116

Re: File Reference 1025-200

Dear Director:

We are writing in response to your invitation to comment on the proposed Statement of Financial Accounting Standards, Employers' Disclosures about Pensions and Other Postretirement Benefits ("Proposal").

KeyCorp ("Key") headquartered in Cleveland, Ohio, is a bank-based financial services company that, at September 30, 2003, had assets of approximately \$84 billion. With over twenty thousand active employees and over thirteen thousand retired employees, an important Key objective is to meet both its current and long-term pension and other post retirement benefit obligations through adequate investment earnings and employer contributions. Another objective is to clearly disclose funding status and other necessary information to retired and existing employees, the investment community, and regulators. As of September 30, 2003, the fair value of Key's pension plan assets exceeded \$900 million and the accumulated benefit obligation to plan participants was approximately \$740 million.

In the several years prior to 2003, retirement benefit plans have had to weather a substantial decline in the financial markets. The Proposal appears to have resulted from an overreaction to these financial market declines. However, Key supports the Board's commitment to improving financial statement disclosures for pensions and other postretirement benefit plans and Key appreciates the opportunity to provide the following comments on the Proposal.

The pension disclosures set forth in the Proposal are voluminous and would require the disclosure of some information regarding a Company's pension and postretirement benefit plans which is already available in other filings. For example, the Proposal requires "increased plan

asset information" such as a breakdown of specific investments, related balances and asset investment returns. Such plan asset detail is already contained in the audited financial statements that accompany Form 5500. This information is readily available to plan participants and other interested individuals and made public through filings with the United States Department of Labor which can be easily accessed at the www.freeERISA.com website.

Many of the proposed new disclosures may have limited value to both active and retired employees, shareholders, and investment analysts and worse, may mislead or confuse financial statement readers. For example, the proposed requirement that "expected return for each asset category" and other related information be disclosed may lead readers to believe that such returns are somehow precise determinations and once disclosed may be construed as "required" or "committed" returns. We believe that if any such disclosure is required that it be accompanied by a qualitative narrative that explains the fact that the determination of expected investment returns is a complex undertaking that must take into account such factors as capital market expectations, investment mix and diversification, and plan administrative expenses among others. The difficulty of clearly and succinctly explaining such complexities is exacerbated if expected returns are to be disclosed by asset category.

We do not support eliminating the reconciliation of beginning and ending balances of plan assets and obligations. This reconciliation provides complete, concise, and easily understood illustrations of changes in plan assets and benefit obligations. Continuing this form of disclosure will accomplish the desirable objective of disclosing relevant and important benefit plan information such as actual asset returns, employer contributions, and benefits paid in a manner to which financial statement readers are accustomed.

Based on our review of the Proposal, it is Key's belief that compiling the proposed disclosures will substantially increase the time and cost of preparing financial statements. We believe that the cost of providing these disclosures will far exceed any benefit that may be obtained by the users of this information. Significant efforts from our staff would be required to generate technical data that is not easily interpreted or user-friendly. Many of these proposed disclosures could be provided in a similar manner to the narrative discussion strongly encouraged by the SEC, that includes a funding overview, expectations, and a high level conversational discussion about the state of pension and other postretirement benefit plan assets and related funding. A plain English discussion, accompanied by the previously mentioned reconciliation requirements, would add more value to employees, shareholders, and investment analysts than the proposed disclosures.

The proposed effective date for this proposal is overly aggressive, unrealistic, and does not provide Key with adequate time to gather the required data or implement the system changes that may be necessary for compliance. As the FASB is well aware, the financial services industry as well as many other industries are inundated with new, unprecedented, evolving, complex, and far-reaching principles-based accounting guidance such as FIN 46 that must be implemented by December 31, 2003. In addition to the required analysis and disclosures related to FIN 46 and other disclosures of far more significant aspects of our business, Key's internal control policy mandates a "technology systems blackout period" at every year-end. During this period, systems

modifications such as coding changes are prohibited. This internal control policy minimizes processing related risks and helps ensure data processing and financial reporting integrity. This blackout period decreases the amount of time Key has available to adequately develop and support the necessary data elements of the disclosures required by this Proposal. It is our understanding that this type of systems protocol is not unusual at many larger, publicly held companies.

The discretionary disclosures set forth in this Proposal should be eliminated. Discretionary disclosures should be just that - discretionary. Suggestions such as those in the Proposal can create de facto requirements.

For companies such as Key that use and disclose an early measurement date, the proposed requirement to disclose the nature of significant economic events or to quantify changes between the measurement date and the fiscal year-end may prove to be very burdensome. The primary purpose in electing an early measurement date is to facilitate timely completion of fiscal year-end financial statements. We believe that this new requirement would substantially increase the cost of financial statement preparation and would require additional work and cost to evaluate significant events between measurement date and year-end. In addition, we believe that our actuaries may not be able to complete all the necessary benefit disclosure in a timely manner. We believe disclosure of the benefit plan measurement date is adequate. Furthermore, the underlying presumption that events in the stub period from plan year-end to the company's fiscal year end are significant is flawed given the long-term nature of pension plans.

Through this Comment Letter, Key is requesting that the Board clarify, reconsider, or remove some of the disclosure requirements included in the Proposal and move the effective date to allow for a more realistic timeframe for implementation.

We hope these comments are useful and positively influence any final statement. We greatly appreciate the opportunity to share them with you and welcome the opportunity to discuss these issues in more detail. Please feel free to contact Chuck Maimbourg, Director of Accounting Policy & Research at 216-689-4082 or me at 216-689-3564.

Sincerely,

Lee G. Irving
Executive Vice President
& Chief Accounting Officer