

ZIONS BANCORPORATION /UT/

Form 424B5

May 04, 2007

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The information in this prospectus supplement and the accompanying base prospectus is not complete and may be changed without notice. This prospectus supplement and the accompanying base prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

**This filing is made pursuant to Rule 424(b)(5)
Under the Securities Act of 1933
In connection with Registration No. 333-132868**

SUBJECT TO COMPLETION, DATED MAY 4, 2007

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus Dated March 31, 2006)

99,418 Units

ZIONS BANCORPORATION

Zions Bancorporation Employee Stock Option Appreciation Rights Securities,
Series 2007

We are offering 99,418 units of our Zions Bancorporation Employee Stock Option Appreciation Rights Securities, Series 2007 (the "ESOARS", and each unit thereof, an "ESOARS Unit"). ESOARS are securities that entitle holders to receive specified payments from us upon the exercise, if any, from time to time of stock options comprising a reference pool of stock options that we have granted to our employees. We call our stock options that comprise this reference pool our reference options. The ESOARS represent our payment obligation but do not represent any ownership interest in us or in any of the reference options.

We are offering the ESOARS in part to provide a market basis that may be used to help us estimate the fair value of our reference options and determine our compensation expense with respect to the issuance of our reference options.

We will make periodic payments upon the exercise, if any, of reference options to the extent payments are then payable thereunder (as described in this prospectus supplement) on or before the 15th day of the month (or, if any such day is not a business day, then on the next business day) following the end of each calendar quarter. We expect that such periodic payments, if any, will commence on or about July 15, 2008. Each ESOARS Unit will entitle the holder thereof to receive, over the term of the reference options, the net realized value (as more particularly described herein) realized by employee optionees upon the exercise, if any, of reference options divided by the number of shares of our common stock underlying reference options that vest. Payments to holders may be made, in our sole discretion, in cash, shares of our common stock or some combination of cash and shares of our common stock.

The price to the public and the allocation of our ESOARS will be determined by an auction process through the www.auctions.zionsdirect.com electronic bid submission system (www.auctions.zionsdirect.com). The auction will open at 5:00 p.m., E.D.T., on May 4, 2007 and will close at 3:30 p.m., E.D.T., on May 7, 2007, unless extended as described in the section entitled "The Auction Process" beginning on page S-13 of this prospectus supplement. The minimum number of ESOARS Units for a bid in the auction will be one. We will not issue fractional ESOARS Units.

The timing and method for submitting bids and a description of this auction process are described in the section entitled "The Auction Process" beginning on page S-13 of this prospectus supplement. In general, once a bidder has submitted and confirmed a bid, the bid will be binding and may not thereafter be rescinded or revoked. As part of this auction process, we are attempting to assess the market demand for our ESOARS and to set the price to the public of this offering to meet that demand. Investors should not expect to be able to sell their ESOARS for a profit after the conclusion of this offering and the allocation of our ESOARS.

We will offer the ESOARS directly to investors. Zions Direct, Inc., the auction agent for this offering, is a wholly-owned subsidiary of Zions First National Bank, which is the issuing and paying agent with respect to the ESOARS. Zions First National Bank, in turn, is a wholly-owned subsidiary of Zions Bancorporation.

We expect to deliver the ESOARS through the facilities of The Depository Trust Company in book-entry form on or about May 10, 2007.

We will not list the ESOARS on any securities exchange. Currently there is no public market for the ESOARS. We cannot assure you that an active market for the ESOARS will develop.

Investing in our ESOARS involves risk. See Risk Factors beginning on page S-7 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is _____, 2007.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying base prospectus, which gives more general information about us and our securities that we may offer, some of which information does not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts combined. If information varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

You should carefully read this entire prospectus supplement, the accompanying base prospectus and the other information we have incorporated by reference, as described under the section entitled **Where You Can Find More Information** on page 1 of the accompanying base prospectus, to understand fully the terms of the ESOARS being offered hereby, as well as the tax and other considerations that you should consider before making your investment decision. You should pay special attention to the section entitled **Risk Factors** beginning on page S-7 of this prospectus supplement and on page 9 of our Annual Report on Form 10-K for our fiscal year ended December 31, 2006, to determine whether an investment in our ESOARS is appropriate for you. See **Where You Can Find More Information** on page 1 of the accompanying base prospectus.

The information in this prospectus supplement is accurate as of May 4, 2007. You should rely only on the information contained in this prospectus supplement, the accompanying base prospectus and the information we have incorporated by reference. We have not authorized anyone to provide you with different information. You should not assume that the information provided by this prospectus supplement, the accompanying base prospectus or the information we have incorporated by reference is accurate as of any date other than the date of the respective document or information, as applicable. If information in any of the documents we have incorporated by reference or in the accompanying base prospectus conflicts with information in this prospectus supplement, you should rely on the most recent information. If information in an incorporated document conflicts with information in another incorporated document, you should rely on the information in the most recent incorporated document. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

For purposes of this prospectus supplement, unless the context otherwise indicates:

references to **Zions Bancorporation**, **we**, **our** and **us** are only to Zions Bancorporation, excluding its consolidated subsidiaries;

references to **you** are to any investor who invests in our ESOARS being offered hereby, whether they are the holders or only indirect owners of those ESOARS ;

references to **ESOARS** are to the Zions Bancorporation Employee Stock Option Appreciation Rights Securities, Series 2007;

references to **this offering** or **the offering** are to the initial offering of our ESOARS made in connection with their original issuance, and not to any subsequent resales of our ESOARS in market-making transactions; and

references to **holders** are to those persons or entities that own any of our ESOARS , registered in their own names, on the books that we or our agent maintain for this purpose, and not those who own beneficial interests in our ESOARS registered in street name or in ESOARS Units issued in book-entry form through one or more depositaries.

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WHERE YOU CAN FIND MORE INFORMATION

You may request a copy of any of the documents or information we have incorporated by reference in this prospectus supplement, as described in the section entitled "Where You Can Find More Information" on page 1 of the accompanying base prospectus, at no cost to you by writing or telephoning us at:

Investor Relations
Zions Bancorporation
One South Main Street, Suite 1500
Salt Lake City, Utah 84111
(801) 524-4787

In addition, you may also access further information about us by visiting our website at www.zionsbancorporation.com. Please note that the information and materials found on our website, except for our SEC filings incorporated by reference in this prospectus supplement, are not part of this prospectus supplement and are not incorporated by reference into this prospectus supplement.

For additional information concerning this offering, the ESOARS being offered hereby, the website www.auctions.zionsdirect.com or the registration and auction process, you may contact Zions Direct:

by telephone at (800) 524-8875 or (800) 554-1688 (ask for ESOARS support); or

by e-mail at auctions@zionsdirect.com.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, including information incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements provide current expectations or forecasts of future events and include, among others:

statements with respect to our beliefs, plans, objectives, goals, guidelines, expectations, anticipations and future financial condition, results of operations and performance of Zions Bancorporation and its consolidated subsidiaries; and

statements preceded by, followed by or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "project" or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing our management's views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties, and actual results may differ materially from those presented, either expressed or implied, in this prospectus supplement, including the information incorporated by reference. You should carefully consider those risks and uncertainties in reading this prospectus supplement. Factors that might cause such differences include, but are not limited to:

our ability to successfully execute our business plans, manage our risks and achieve our objectives;

changes in political and economic conditions, including the economic effects of terrorist attacks against the United States and related events;

changes in financial market conditions, either nationally or locally in areas in which we conduct our operations, including without limitation, reduced rates of business formation and growth, commercial real estate development and real estate prices;

fluctuations in the equity and fixed-income markets;

changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition;

acquisitions and integrations of acquired businesses;

increases in the levels of losses, customer bankruptcies, claims and assessments;

changes in fiscal, monetary, regulatory, trade and tax policies and laws, including policies of the U.S. Treasury and the Federal Reserve Board;

continuing consolidation in the financial services industry;

new litigation or changes in existing litigation;

success in gaining regulatory approvals, when required;

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changes in consumer spending and saving habits;

increased competitive challenges and expanding product and pricing pressures among financial institutions;

demand for financial services in our market areas;

inflation and deflation;

technological changes and our implementation of new technologies;

our ability to develop and maintain secure and reliable information technology systems;

legislation or regulatory changes which adversely affect our operations or business;

our ability to comply with applicable laws and regulations; and

changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or regulatory agencies.

You should not put undue reliance on any forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of our Annual Report on Form 10-K for our fiscal year ended December 31, 2006, which is incorporated by reference in this prospectus supplement, for a more detailed description of these and other factors that may affect any forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors described under the section entitled "Risk Factors" beginning on page S-7 of this prospectus supplement and on page 9 of our Annual Report on Form 10-K for our fiscal year ended December 31, 2006. We will not update any forward-looking statements unless the securities laws require us to do so.

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SUMMARY

Zions Bancorporation

Zions Bancorporation is a financial holding company organized under the laws of the State of Utah in 1955, and registered under the Bank Holding Company Act of 1956, as amended. Zions Bancorporation, together with its consolidated subsidiaries, owns and operates eight commercial banks with a total of 470 offices at year-end 2006. We provide a full range of banking and related services through our banking and other subsidiaries, primarily in Utah, California, Texas, Arizona, Nevada, Colorado, Idaho, Washington and Oregon.

We focus on maintaining community-minded banking services by continuously strengthening our core business lines of: (1) small, medium-sized business and corporate banking; (2) commercial and residential development, construction and term lending; (3) retail banking; (4) treasury cash management and related products and services; (5) residential mortgage; and (6) investment activities. We operate eight different banks in ten Western and Southwestern states with each bank operating under a different name and each having its own board of directors, chief executive officer and management team. The banks provide a wide variety of commercial and retail banking and mortgage lending products and services. They also provide a wide range of personal banking services to individuals, including home mortgages, bankcard, student and other installment loans, home equity lines of credit, checking accounts, savings accounts, time certificates of various types and maturities, trust services, safe deposit facilities, direct deposit and 24-hour ATM access. In addition, certain banking subsidiaries provide services to key market segments through their Women's Financial, Private Client Services and Executive Banking Groups. We also offer wealth management services through a subsidiary, Contango Capital Advisors, Inc., that was launched in 2004.

In addition to these core businesses, we have built specialized lines of business in capital markets, public finance and certain financial technologies, and are also a leader in U.S. Small Business Administration (SBA) lending. Through our eight banking subsidiaries, we provide SBA 7(a) loans to small businesses throughout the United States and are also one of the largest providers of SBA 504 financing in the nation. We own an equity interest in the Federal Agricultural Mortgage Corporation (Farmer Mac) and are the nation's top originator of secondary market agricultural real estate mortgage loans through Farmer Mac. We are a leader in municipal finance advisory and underwriting services. We also control four venture capital funds that provide early-stage capital primarily for start-up companies located in the Western United States. Finally, our NetDeposit, Inc. and P5, Inc. subsidiaries are national leaders in the provision of check imaging and clearing software and of web-based medical claims tracking and cash management services, respectively.

Our executive offices are located at One South Main, Suite 1500, Salt Lake City, Utah 84111, and our telephone number is (801) 524-4787.

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The Offering

Issuer	Zions Bancorporation.
Securities Offered	<p>Zions Bancorporation Employee Stock Option Appreciation Rights Securities, Series 2007 (the ESOARS , and each unit thereof, an ESOARS Unit). ESOARS are securities that entitle holders to receive specified payments from us upon the exercise, if any, from time to time of stock options comprising a reference pool of stock options that we have granted to our employees. We call our stock options that comprise this reference pool our reference options. See Description of Our ESOARS .</p> <p>The ESOARS represent our payment obligation but do not represent any ownership interest in us or in any of the reference options. See Risk Factors Risks Related to an Investment in Our ESOARS You will have no stockholder rights.</p>
CUSIP Number	989701 305.
Number of ESOARS Units We Are Offering	99,418.
Offering Price	To be determined through an auction process conducted by our auction agent. See The Auction Process.
Reference Options	There are 994,180 reference options, which vest ratably over three years, have an exercise price of \$83.25 per share and expire on May 3, 2014. See Description of Reference Options.
Vesting Period	The three-year period ending on May 4, 2010.
Bid Limit	<p>In order to ensure a broad participation in this offering, we or our auction agent will assign each bidder a bid limit. The auction website allows a bidder to place up to five separate, active bids. A bidder will not be able to place aggregate in-the-money bids that exceed that bidder s bid limit (as described below). See Description of Our ESOARS Bidding Auction Process; Irrevocability of Bids.</p> <p>Prospective bidders registering to bid on ESOARS for the first time on the website www.auctions.zionsdirect.com will automatically qualify to bid for up to a bid limit of \$20,000. Prospective bidders who want to bid for more than that amount may contact us by telephone at (800) 524-8875 or by e-mail at auctions@zionsdirect.com to request a greater bid limit. Any decision to increase a bidder s bid limit, upon such request, will be in our sole and absolute discretion. A bidder s bid limit will in no event exceed \$500,000. A bidder will not be able to place a bid that exceeds that bidder s bid limit. See The Auction Process Qualification of Bidders; Suitability.</p>
Allocation of ESOARS	To be determined through our auction process based on the number of ESOARS Units designated as in-the-money by the auction website. See The Auction Process Allocation.

Purpose

We are offering the ESOARS in part to provide a market basis that may be used to help us estimate the fair value of our reference options and determine our compensation expense with respect to the issuance of our reference options, as required under Statement of Financial Accounting Standards No. 123R, Share Based Payment, issued by the Financial Accounting Standards Board, or FASB. See Description of Our ESOARS Purpose of the Offering.

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Auction Agent; Issuing and Paying Agent	Our auction agent is Zions Direct, Inc., a wholly-owned subsidiary of Zions First National Bank, which is our issuing and paying agent. Zions First National Bank, in turn, is a wholly-owned subsidiary of us.
Use of Proceeds	We intend to use the net cash proceeds from this offering for general corporate purposes. See Use of Proceeds.
Listing	The ESOARS will not be listed on any securities exchange.
Periodic Payments	<p>We will, from time to time, deposit with Zions First National Bank, as our paying agent, the applicable amounts per ESOARS Unit determined as described under the caption Calculation of Payments below. We will make each deposit on or before the fifth business day of the month following the end of each calendar quarter, commencing on or about July 8, 2008. Zions First National Bank will then make the applicable payments to each holder of our ESOARS on or before the 15th day of that month (or, if any such day is not a business day, then on the next business day). We expect that such periodic payments will commence on or about July 15, 2008.</p> <p>Each date that the paying agent makes a payment with respect to the ESOARS is referred to in this prospectus supplement as a payment date.</p> <p>See Description of Our ESOARS Payments.</p>
Calculation of Payments	The calculations of payments, if any, made to holders of ESOARS described below include adjustments intended to eliminate the effect of any forfeiture of reference options prior to vesting. The aggregate of payments, if any, made to holders of ESOARS will be equal to the aggregate amount they would have received if all of the reference options had vested, assuming that the reference options forfeited prior to vesting would have been exercised at the same times and market prices as those options that vest. See Description of our ESOARS Calculation of Payments.
<i>Net Realized Value</i>	<p>For purposes of the calculation of payments in respect of ESOARS Units, the net realized value for a particular payment period means the amount, if any, by which:</p> <p style="padding-left: 40px;">the trading price per share of our common stock on The Nasdaq Stock Market (or other national stock exchange on which our common stock is then traded) at the applicable time of exercise of a reference option, exceeds</p> <p style="padding-left: 40px;">the exercise price of that reference option,</p> <p style="padding-left: 40px;">multiplied by:</p> <p style="padding-left: 40px;">the number of shares of our common stock as to which the applicable reference option was exercised.</p>

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<i>Payments During Vesting Period</i>	<p>During the vesting period, payments from time to time in respect of each ESOARS Unit will be equal to:</p> <p style="padding-left: 40px;">the net realized value realized upon the exercise of any reference options during the period (any such period, a payment period) beginning on the first day of each calendar quarter (or in the case of the first payment period, beginning on May 4, 2008) and ending on and including the last day of such calendar quarter,</p> <p style="padding-left: 80px;">multiplied by</p> <p style="padding-left: 40px;">the percentage of the annual vesting periods that have been completed as of the last day of such calendar quarter, divided by</p> <p style="padding-left: 40px;">the number of shares of our common stock underlying reference options that have vested as of the last day of such calendar quarter.</p>
<i>Additional Payment to Adjust for Pre-Vesting Forfeitures</i>	<p>Holders of ESOARS Units may be entitled to an additional payment, which will be made on July 15, 2010 (the first payment date following the completion of the vesting period or, if such day is not a business day, then on the next business day), to adjust for any reference options forfeited by our employee optionees prior to the vesting of such options. The amount of such payment, if any, in respect of each ESOARS Unit will be equal to:</p> <p style="padding-left: 40px;">the aggregate net realized value realized upon the exercise of any reference options during the vesting period divided by the number of shares of our common stock underlying reference options that have vested as of the completion of the vesting period,</p> <p style="padding-left: 40px;">minus</p> <p style="padding-left: 40px;">the sum of the amounts previously paid in respect of each ESOARS Unit during the vesting period.</p>
<i>Payment if None of the Reference Options Vest</i>	<p>If, upon the completion of the first annual vesting period, all of the reference options have been forfeited prior to vesting, an amount equal to the initial public offering price per ESOARS Unit sold in this offering, together with interest in respect of such amount at a rate of 5.0% per annum for the period from the settlement date for the ESOARS to (but not including) the date of such payment, will be paid in respect of each ESOARS Unit on July 15, 2008 (or, if such day is not a business day, then the next business day) and the ESOARS will thereafter be canceled.</p>
<i>Payments During Post-Vesting Period</i>	<p>Following the completion of the vesting period, payments from time to time in respect of each ESOARS Unit will be equal to:</p> <p style="padding-left: 40px;">the net realized value realized upon the exercise of any reference options during the relevant payment period,</p>

divided by

the number of shares of our common stock underlying reference options that have vested.

Form of Payment

Payments to holders of ESOARS Units on each payment date may be in the form of cash, shares of our common stock or some combination of cash and shares of our common stock, in our sole discretion. If payment is made in shares of our common stock, the number of shares delivered will be determined by dividing the cash value of the payment due (or portion thereof) by the closing price of

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our shares of common stock on The Nasdaq Stock Market (or, if our common stock is not listed on The Nasdaq Stock Market, on the principal exchange or over-the-counter market on which our common stock is then listed) on the last trading day prior to the applicable payment date. We may deliver cash in lieu of any fractional shares of common stock based on the closing price of our shares of common stock determined in accordance with the immediately preceding sentence.

Record Date The record date to determine holders eligible to receive payments on a given payment date will be the last business day of the calendar quarter preceding that payment date.

Modification of Reference Options If one or more reference options is modified or canceled (pursuant to Section 2.5 of our 2005 Stock Option and Incentive Plan) in a manner that would be treated as a modification pursuant to paragraphs 51-57 of FASB Statement No. 123R, Share-Based Payment, or in other specified circumstances, we will pay in respect of each ESOARS Unit an amount equal to the cancellation value of the modified reference option(s) divided by the number of shares of our common stock underlying reference options that have not been forfeited prior to vesting. The cancellation value of the modified reference options will be determined by an independent valuation agent appointed by us. See Description of Our ESOARS Modification of Reference Options.

Book-Entry Form The ESOARS will be evidenced by one or more fully-registered global certificates, a form of which is attached hereto as Annex A. The global certificate(s) will be deposited with, or on behalf of, The Depository Trust Company (DTC), and will be registered in the name of Cede & Co., a nominee of DTC.

Cede & Co. will be the only registered holder of the ESOARS . Your beneficial interest in the ESOARS will be evidenced solely by entries on the books of the securities intermediary acting on your behalf as a direct or indirect participant in DTC.

In this prospectus supplement, all references to payments or notices to you or to a holder or holders mean payments or notices to DTC or its nominee, in either case as the registered holder of our ESOARS , and not those persons or entities that hold beneficial interests in our ESOARS . For more information regarding DTC and book-entry securities, see Legal Ownership and Book-Entry Issuance.

Settlement We expect that settlement will take place three business days following the conclusion of the auction and the allocation of our ESOARS . Institutional customers will settle delivery versus payment through their Zions Direct account. Winning bidders who are individuals and who do not have an account with Zions Direct will be required to open such an account, or arrange for their primary broker to enter into a selling group agreement with Zions Direct, in order to facilitate delivery and payment for their ESOARS Units. See The Auction Process Settlement.

Federal Income Tax Considerations The proper U.S. federal income tax characterization of our ESOARS is unclear. In the absence of clear authority, we intend to file information returns with the Internal Revenue Service reporting income with respect to our ESOARS under a method analogous to the method applicable to income with respect to cash-settled call options

if an ESOARS Unit is cash settled, or under a method analogous to the method applicable to income with respect to stock settled stock appreciation rights if an ESOARS Unit is settled in stock. However, it is unclear whether either method of reporting income on our ESOARS is proper. Prospective investors should carefully consider the discussion in the section below entitled Material United States Federal Income Tax Consequences with their own tax advisors.

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Certain ERISA Matters

No ESOARS may be purchased by or transferred to:

any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (ERISA) (whether or not subject to ERISA, and including, without limitation, foreign or government plans);

any plan described in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended; or

any entity whose underlying assets include plan assets of any of the foregoing by reason of an employee benefit plan s or plan s investment in such entity.

Any purported purchase or transfer of the ESOARS in violation of the foregoing restrictions will be null and void *ab initio*. Each bidder who purchases the ESOARS will be deemed to have represented, warranted and acknowledged to us that its purchase or transfer is not in violation of the restrictions set forth above.

Governing Law

State of New York.

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RISK FACTORS

You should consider carefully the risk factors discussed below and the risk factors discussed in the section entitled Risk Factors beginning on page 9 of our Annual Report on Form 10-K for our fiscal year ended December 31, 2006, which is incorporated by reference in this prospectus supplement, for a discussion of particular factors you should consider before determining whether an investment in our ESOARS is appropriate for you. Investing in our ESOARS is speculative and involves risk.

Any of the risks described in this prospectus supplement or in our Annual Report on Form 10-K for our fiscal year ended December 31, 2006 could materially and adversely impair our business, financial condition and operating results. In such case, the trading price, if any, of our ESOARS could decline or you could lose all or part of your investment. Because the investment return, if any, realized by a holder of ESOARS will depend on the behavior of our employee optionees and other factors beyond our control, you may lose some or all of your investment even if our business, financial condition and operating results were not materially and adversely impaired.

Risks Related to an Investment in Our ESOARS

You may lose some or all of your investment.

Any investment return realized by a holder of ESOARS will be affected by many factors that are out of our and your control. Some of these factors include:

the amounts and timing of exercises, if any, of the reference options by our employee optionees;

the vesting schedule of the reference options;

the exercise price(s) of the reference options and the other terms of the reference options;

the modification of the exercise price(s) or other terms of the reference options;

the trading price per share of our common stock in the public markets at the time of exercise, if any, of the reference options;

decreases in the trading price per share of our common stock in the public markets between the last trading day prior to the applicable payment date and the delivery to ESOARS holders of the shares by the paying agent, if we elect to make payment in the form of shares of our common stock;

the post-vesting termination of an employee optionee's employment with us (whether that termination is at our election for cause or at the election of the employee) since the reference options are generally canceled when an employee's employment with us ceases; and

the death or disability of any employee optionee.

For example, if our common stock price in the public markets were below the exercise price(s) of the reference options in any period in which an employee optionee is eligible to and willing to exercise a reference option, the optionee would be unlikely to exercise the reference option because that would result in a purchase of our common stock at a price per share that is higher than the price that is available in the open market. In addition, if the option exercise period were to expire or the optionee were no longer eligible to exercise the reference option due to termination of employment, death, disability or other factors, the reference option would expire unexercised. In each such case, the reference option would not yield any net realized value, and no payments would be made to any ESOARS holder with respect to any such reference option that had vested.

Summary information regarding the reference options are set forth in the section entitled Description of Reference Options on page

S-21 of this prospectus supplement. Information regarding our business and financial results may be found in our Annual Report on Form

10-K for our fiscal year ended December 31, 2006 and our other filings that we have made with the SEC. As a result

of the interaction between the above-described and other factors, the actual return, if any, on our ESOARS may vary substantially over the life of the reference options. As a consequence, you may lose some or all of your investment.

You will not receive any payments with respect to the ESOARS until July 15, 2008, if at all.

The reference options are subject to a three-year vesting schedule, which will prevent any employee from exercising any reference options until May 4, 2008. Absent special circumstances such as an unforeseen modification of reference options, holders of ESOARS will not receive any payments with respect to their ESOARS until the payment date in July 2008 at the earliest. The reference options will not fully vest until May 4, 2010, so the number of reference options that may be exercised prior to that date is restricted by the vesting schedule. We cannot assure you that you will ever receive payments as an ESOARS holder even with respect to vested reference options, since payments on the ESOARS will ordinarily be generated only as a result of actual exercises of the reference options by our employees.

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Our ESOARS will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the ESOARS . If a secondary market does develop, there is no assurance that it will be sustained. Even if there is a secondary market, it may not provide enough liquidity to allow you to easily trade or sell the ESOARS . We do not expect that market makers will participate significantly in a secondary market, if any, for the ESOARS .

The amount, if any, and timing of returns on our ESOARS is uncertain.

Some articles and research reports have been written on rates of return for employee stock options similar to the reference options, and we have provided specified historical information regarding exercises of our stock options in the section entitled Historical Stock Option Exercise Data beginning on page S-22 of this prospectus supplement. Nonetheless, the ESOARS are a novel financial instrument for which, to our knowledge, there is no source for relevant data or standardized method of measuring the anticipated return with regard to the ESOARS or the reference options. Furthermore, the past performance of our stock options is not necessarily indicative of their future performance. Because the characteristics and behaviors of the employees comprising each pool of employees varies, you should not rely on the historical information relating thereto in this prospectus supplement as an indicator of the behavior of the employees who have been granted the reference options. You should be aware that our ESOARS are a relatively new and novel type of financial product with no meaningful performance history. You should therefore consider and determine for yourself the likely amount and timing of returns on our ESOARS during the life of the reference options.

You will have no stockholder rights.

Investing in our ESOARS is not equivalent to investing in us. The ESOARS represent our payment obligation but do not represent any ownership interest in us or in any of the reference options. As an investor in our ESOARS , you will not have voting rights, rights to receive dividends or other distributions, or any other rights generally understood to be incidental to ownership of our equity securities, except as expressly set forth in this prospectus supplement with respect to our ESOARS .

The U.S. federal tax characterization of our ESOARS is uncertain.

There are no cases, Treasury regulations, revenue rulings or other binding authorities that directly address the U.S. federal income tax characterization of our ESOARS or of securities with terms substantially the same as those of our ESOARS . Therefore, the proper U.S. federal tax characterization of, and method of reporting income and loss with respect to, our ESOARS is uncertain. In the absence of guidance, we intend to file information returns with the Internal Revenue Service reporting income with respect to our ESOARS under a method analogous to the method applicable to income with respect to cash-settled call options if an ESOARS Unit is cash settled, or under a method analogous to the method applicable to income with respect to stock settled stock appreciation rights if an ESOARS Unit is settled in stock. However, other U.S. federal income tax characterizations of, and methods of reporting payments on, our ESOARS are possible. If these other characterizations or methods applied, they could materially adversely affect the amount, timing and character of income or loss that is properly reportable with respect to our ESOARS , as compared to the method reported by us. In addition, we intend to take the position that payments on our ESOARS that are made to non-U.S. investors are subject to a 30 percent U.S. withholding tax, unless the non-U.S. investor establishes an exemption. Therefore, our ESOARS may not be an appropriate investment for non-U.S. investors. Because of the uncertainty of treatment of income and loss with respect to our ESOARS , we urge prospective investors to consult their own tax advisors as to the proper classification and reporting of income and loss with respect to our ESOARS for U.S. federal income tax purposes. See Material United States Federal Income Tax Consequences beginning on page S-41 of this prospectus supplement.

The interests of holders of ESOARS may differ from the interests of us or our affiliates.

We or one or more of our affiliates may engage in trading activities, including securities offerings of shares of our common stock, or other activities, including business restructurings, that involve termination of service of one or more of our employees who are holders of the reference options, or involve repricings or modifications of the reference options. These activities may not necessarily be in your best interests. Any of these activities may negatively affect the value of, and returns on, our ESOARS . We do not have, and we specifically disclaim, any duty or obligation to act in the best interests of holders.

Risks Related to the Auction Process

Once you submit a bid, you may generally not revoke it.

Once you have submitted and confirmed a bid, you may not subsequently lower your bid price or lower the number of ESOARS Units bid for in that bid. Therefore, even if circumstances arise after you have placed and confirmed a bid that make you want to decrease your original bid price or the number of ESOARS originally bid for, you will nonetheless be bound by that bid.

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We reserve the right to reject any bid.

We reserve the right, in our sole discretion, to reject any bid that we deem to be manipulative, mistaken or made due to a misunderstanding of our ESOARS on the part of the bidder. We reserve this right in order to preserve the integrity of the auction process. Other conditions for valid bids, including eligibility and account funding requirements of participating dealers and individuals, may vary. As a result of these varying requirements, we may reject a bidder's bid, even while we accept another bidder's identical bid. See the section entitled "The Auction Process - Allocation" on page S-16 of this prospectus supplement.

You may receive a full allocation of our ESOARS Units that you bid for if your bid is successful; therefore, you should not bid for more ESOARS than you are prepared to purchase.

Successful bidders may be allocated all or nearly all of the ESOARS Units that they bid for in the auction. See "The Auction Process - Allocation." Therefore, we caution investors against submitting a bid that does not accurately represent the number of ESOARS Units that they are willing and prepared to purchase.

Even if you submit a bid that equals or exceeds the market-clearing price, you may not be allocated the full number of ESOARS Units for which you bid.

We will determine the initial public offering price for our ESOARS sold in this offering through an auction conducted by Zions Direct, our auction agent. The auction process will reveal a market-clearing price for our ESOARS offered in this offering. The market-clearing price is the highest price at which all of the ESOARS Units offered hereby will be sold to bidders. For an explanation of the meaning of the market-clearing price, see "The Auction Process - Market-Clearing Price" beginning on page S-16 of this prospectus supplement. If your bid price equals the market-clearing price, you will be allocated ESOARS Units only to the extent that ESOARS have not been allocated to bidders with higher bid prices. If there are two or more bids with bid prices that equal the market-clearing price, then the ESOARS Units that have not been allocated to bidders with higher bid prices will be allocated on a *pro rata* basis to those bidders.

You should not expect to sell your ESOARS Units after the conclusion of this offering and the allocation of our ESOARS .

As we mentioned above, the auction process will reveal a market-clearing price for our ESOARS offered in this offering. However, this clearing price may bear little or no relationship to market demand for our ESOARS following this offering, or the price at which the ESOARS may be sold. If there is little or no market demand for our ESOARS following the closing of the auction, the price of our ESOARS may decline. If your objective is to make a short-term profit by selling your ESOARS after the conclusion of the auction, you should not submit a bid in the auction. See the risk factor above entitled "The ESOARS will not be listed; there is no secondary market for our ESOARS ."

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USE OF PROCEEDS

We intend to use the net cash proceeds from this offering for general corporate purposes.

DESCRIPTION OF OUR ESOARS

In this prospectus supplement, all references to payments or notices to you or to a holder or holders mean payments or notices to DTC or its nominee, in either case as the registered holder of the ESOARS, and not those persons or entities that hold beneficial interests in the ESOARS. For more information regarding DTC and book-entry securities, see the section entitled Legal Ownership and Book-Entry Issuance beginning on page S-45 of this prospectus supplement. You will own a beneficial interest in our ESOARS if you hold ESOARS through direct or indirect participants in DTC. Owners of beneficial interests in our ESOARS should read the section entitled Legal Ownership and Book-Entry Issuance beginning on page S-45 of this prospectus supplement.

General

We will issue the Zions Bancorporation Employee Stock Option Appreciation Rights Securities, Series 2007 (the ESOARS, and each unit thereof, an ESOARS Unit) directly to investors. The ESOARS are securities that entitle holders to receive specified payments from us upon the exercise, if any, from time to time of stock options comprising a reference pool of stock options that we have granted to our employees. We call our stock options that comprise this reference pool our reference options. Some characteristics of the reference options are described in the section entitled Description of Reference Options.

The ESOARS will be issued only in fully-registered book-entry form.

Upon the exercise, if any, from time to time by our employees of our reference options, holders of our ESOARS will be entitled to receive payments as described below in Payments.

The ESOARS represent our payment obligation but do not represent any ownership interest in us or in any of the reference options. See Risk Factors Risks Related to an Investment in Our ESOARS You will have no stockholder rights.

Purpose of the Offering

We are offering our ESOARS in part to provide a market basis that may be used to help us estimate the fair value of our reference options and determine our compensation expense with respect to the issuance of the reference options, as required under Statement of Financial Accounting Standards No. 123R, Share Based Payment, issued by the FASB.

Determination of Offering Price; Allocation

The price to the public and the allocation of our ESOARS will be determined through an auction process in which prospective investors will bid for our ESOARS. See the section entitled The Auction Process beginning on page S-13 of this prospectus supplement.

Payments

We will, from time to time, deposit with Zions First National Bank, as our paying agent, the applicable amounts per ESOARS Unit as described under Calculation of Payments below. We will make each deposit on or before the fifth business day of the month following the end of each calendar quarter, commencing on or about July 8, 2008. Zions First National Bank will then make the applicable payments to each holder of our ESOARS on or before the 15th day of that month (or, if any such day is not a business day, then on the next business day). We expect that such periodic payments will commence on or about July 15, 2008. However, we will also make payments as described below in Calculation of Payments Additional Payment to Adjust for Pre-Vesting Forfeitures, Calculation of Payments Payment if None of the Reference Options Vest and Modification of Reference Options.

Each date that the paying agent makes a payment with respect to the ESOARS is referred to in this prospectus supplement as a payment date.

Calculation of Payments

ESOARS are intended to track the cost to us of the reference options. Because under FASB Statement No. 123R options that do not vest will not result in compensation expense to the option-granting company, ESOARS are designed to determine the fair market value of a vested option. Accordingly, in order that bidders in the auction are not required to consider the effect of pre-vesting forfeitures of reference options when determining the price they are willing to pay for our ESOARS, the calculations of payments, if any, made to holders of ESOARS described below

include adjustments intended to eliminate the effect of any forfeiture of reference options prior to vesting.

Because the number of reference options that will vest cannot be known until the end of the vesting period, a different calculation will apply for payments during the vesting period and payments during the post-vesting period, as described below. In addition, an additional payment may be required following the completion of the vesting period to effectively adjust the payments, if any, made during the vesting period so that cumulative payments, if any, made up to that payment date reflect the actual number of reference options that have vested. As a result of the calculations of payments described below, the aggregate of payments, if any, made to holders of ESOARS will be equal to the aggregate amount they would have received if all of the reference options had vested, assuming that the reference options forfeited prior to vesting would have been exercised at the same times and market prices as those options that vest. However, if upon completion of the first annual vesting period, all of the reference options have been forfeited prior to vesting, an amount equal to the initial public offering price per ESOARS Unit sold in this offering, together with interest specified below, will be paid to the holders of ESOARS .

For purposes of the calculation of payments in respect of ESOARS Units, the net realized value for a particular payment period means the amount, if any, by which:

the trading price per share of our common stock on The Nasdaq Stock Market (or other national stock exchange on which our common stock is then traded) at the applicable time of exercise of a reference option, exceeds

the exercise price of that reference option,

multiplied by:

the number of shares of our common stock as to which the applicable reference option was exercised.

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Payments During Vesting Period. During the vesting period, payments from time to time in respect of each ESOARS Unit will be equal to:

the net realized value realized upon the exercise of any reference options during the period (any such period, a payment period) beginning on the first day of each calendar quarter (or in the case of the first payment period, beginning on May 4, 2008) and ending on and including the last day of such calendar quarter, multiplied by the percentage of the annual vesting periods that have been completed as of the last day of such calendar quarter, divided by

the number of shares of our common stock underlying reference options that have vested as of the last day of such calendar quarter.

Additional Payment to Adjust for Pre-Vesting Forfeitures. Holders of ESOARS Units may be entitled to an additional payment, which will be made on July 15, 2010 (the first payment date following the completion of the vesting period or, if such day is not a business day, then on the next business day), to adjust for any reference options forfeited by our employee optionees prior to the vesting of such options. The amount of such payment, if any, in respect of each ESOARS Unit will be equal to:

the aggregate net realized value realized upon the exercise of any reference options during the vesting period divided by the number of shares of our common stock underlying reference options that have vested as of the completion of the vesting period,

minus

the sum of the amounts previously paid in respect of each ESOARS Unit during the vesting period.

Payment if None of the Reference Options Vest. If, upon the completion of the first annual vesting period, all of the reference options have been forfeited prior to vesting, an amount equal to the initial public offering price per ESOARS Unit sold in this offering, together with interest in respect of such amount at a rate of 5.0% per annum for the period from the settlement date for the ESOARS to (but not including) the date of such payment, will be paid in respect of each ESOARS Unit on July 15, 2008 (or, if such day is not a business day, then on the next business day) and the ESOARS will thereafter be canceled.

Payments During Post-Vesting Period. Following the completion of the vesting period, payments from time to time in respect of each ESOARS Unit will be equal to:

the net realized value realized upon the exercise of any reference options during the relevant payment period, divided by

the number of shares of our common stock underlying reference options that have vested.

Form of Payment

Payments to holders of ESOARS Units on each payment date may be in the form of cash, shares of our common stock or some combination of cash and shares of our common stock, in our sole discretion. If payment is made in shares of our common stock, the number of shares delivered will be determined by dividing the cash value of the payment due (or portion thereof) by the closing price of our shares of common stock on The Nasdaq Stock Market (or, if our common stock is not listed on The Nasdaq Stock Market, on the principal exchange or over-the-counter market on which our common stock is then listed) on the last trading day prior to the applicable payment date. We may deliver cash in lieu of any fractional shares of common stock based on the closing price of our shares of common stock determined in accordance with the immediately preceding sentence.

The maximum aggregate number of shares of our common stock that we will issue in connection with payments, if any, in respect of our ESOARS is 300,000.

Reports and Notices

No later than 15 days after a given payment date, we will deliver to each holder a report relating to payments made on the applicable payment date. The report will set forth, with respect to the applicable payment pe