

ZIONS BANCORPORATION /UT/

Form 424B2

May 09, 2007

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**This filing is made pursuant to Rule 424(b)(2)  
Under the Securities Act of 1933**

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered</b>	<b>Proposed maximum offering price per unit</b>	<b>Proposed maximum aggregate offering price</b>	<b>Amount of registration fee(1)</b>
Employee Stock Option Appreciation Rights Securities, Series 2007	99,418	\$12.06	\$1,198,981	\$36.81
Common Stock, no par value per share	300,000(2)	\$82.87(2)	\$24,861,000(2)	\$763.23(2)

(1) Calculated in accordance with Rule 457(r) under the Securities Act.

(2) There are also registered 300,000 shares of common stock deliverable in connection with payments, if any, made in respect of the Employee Stock Option Appreciation Rights Securities, Series 2007. No separate consideration is payable in respect of such shares of common stock. The proposed maximum offering price per share with respect to the 300,000 shares of common stock being registered pursuant to this

Registration Statement is \$82.87, estimated solely for the purpose of computing the registration fee pursuant to Rule 457(a) under the Securities Act, and, in accordance with Rule 457(c) under the Securities Act, is based upon the average of the high and low reported sale prices of Zions Bancorporations common stock on The Nasdaq Stock Market on May 4, 2007.

PROSPECTUS SUPPLEMENT  
(To Prospectus Dated March 31, 2006)

**99,418 Units**

**ZIONS BANCORPORATION**

Zions Bancorporation Employee Stock Option Appreciation Rights Securities,  
Series 2007

We offered 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 offered 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 public offering price of our ESOARS , as determined by an auction process, is \$12.06 per ESOARS Unit, resulting in proceeds, before expenses, to us of \$12.06 per ESOARS Unit, and total proceeds, before expenses, to us of \$1,198,981. The price to the public and the allocation of our ESOARS was determined by an auction process

through the [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) electronic bid submission system ( [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) ). The auction opened at 5:00 p.m., E.D.T., on May 4, 2007 and closed at 4:09 p.m., E.D.T., on May 7, 2007. The minimum number of ESOARS Units for a bid in the auction was 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 submitted and confirmed a bid, the bid was binding and could not thereafter be rescinded or revoked. As part of this auction process, we attempted 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 offered 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 May 7, 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 7, 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](http://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](http://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](mailto: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 Offered	99,418.
Offering Price	\$12.06 per ESOARS Unit, as 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 assigned each bidder a bid limit. The auction website allowed a bidder to place up to five separate, active bids. A bidder was not able to place aggregate in-the-money bids that exceeded 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 <a href="http://www.auctions.zionsdirect.com">www.auctions.zionsdirect.com</a> automatically qualified to bid for up to a bid limit of \$20,000. Prospective bidders who wanted to bid for more than that amount were allowed to contact us by telephone at (800) 524-8875 or by e-mail at <a href="mailto:auctions@zionsdirect.com">auctions@zionsdirect.com</a> to request a greater bid limit. Any decision to increase a bidder s bid limit, upon such request, was in our sole and absolute discretion. A bidder s bid limit in no event exceeded \$500,000. A bidder was not able to place a bid that exceeded that bidder s bid limit. See The Auction Process Qualification of Bidders; Suitability.</p>
Allocation of ESOARS	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 offered 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 was 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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**Table of Contents*****The ESOARS will not be listed; there is no secondary market for our ESOARS .***

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 estimate that we will receive approximately \$880,000 from the sale of the ESOARS Units offered hereby, after deducting offering expenses. 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 was determined through an auction process in which prospective investors bid for our ESOARS. The public offering price of our ESOARS, as determined by the auction, is \$12.06 per ESOARS Unit. 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 period, information

such as:

the number of reference options exercised during the preceding calendar quarter;

the exercise price(s) at which the reference options were exercised;

the number of reference options forfeited, if any, upon the termination of any optionee's employment with us;

the number of reference options, if any, deemed modified pursuant to paragraphs 51-57 of FASB Statement No. 123R during the preceding calendar quarter and their cancellation value; and

the calculation of the payment with respect to each ESOARS Unit.

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***Mergers and Similar Transactions Permitted; No Control Rights***

The ESOARS do not restrict our ability to merge or consolidate with, or sell all or substantially all of our assets to, another corporation or other entity, or engage in any other transactions. If at any time we merge or consolidate with, or sell all or substantially all of our assets to another corporation or other entity, the successor entity may assume our obligations with respect to the ESOARS. We will then be relieved of any further obligation with respect to the ESOARS. In addition, subject to applicable law and the terms of our stock option plans and any stock option agreements covering the reference options, we and an acquirer of us or all or substantially all of our assets may determine to terminate or modify the reference options. In such case, we will appoint an independent valuation agent to determine the cancellation value of the modified or terminated reference options, as described under Modification of Reference Options below.

Holders will not have any control or other rights with respect to our employees who were granted reference options, including any control as to whether or not such employee optionees exercise any reference options.

***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, then 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.

We will deposit the applicable amount payable to holders of ESOARS on or before the fifth business day of the month following the end of each calendar quarter in which a qualifying modification occurs. Payment to holders of ESOARS will occur on or before the 15<sup>th</sup> day of the month (or, if any such day is not a business day, then on the next business day) following the end of the calendar quarter in which such modification occurred. The cancellation value of the modified reference options will be determined by an independent valuation agent appointed by us.

The reference options will also be considered to be modified and we will follow the procedures contained in the immediately preceding paragraph with respect to determination and payment of cancellation value, upon the occurrence of specified events, including without limitation:

a liquidation, dissolution or winding up of us;

any consolidation or merger of us with or into any other corporation or other entity, or any other corporate reorganization in which our stockholders immediately prior to such consolidation, merger or reorganization own less than 50% of the surviving entity's voting power immediately after such consolidation, merger or reorganization; and

a sale or other disposition to a third party of all or substantially all of our assets.

***Amendment***

The ESOARS may be amended or supplemented, and any existing default or non-compliance with any provision of the ESOARS may be waived, with the consent of persons holding at least a majority of the ESOARS then outstanding. Notwithstanding the foregoing, the ESOARS may be amended or supplemented, without the consent of any holder of ESOARS, in order to cure any ambiguity, defect, omission or inconsistency in the certificate evidencing the ESOARS.

***Governing Law***

The ESOARS will be governed by the laws of the State of New York.

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**THE AUCTION PROCESS**

The method of distribution that we used in this offering was an auction, which was conducted by Zions Direct, Inc., our auction agent. The public offering price for our ESOARS and the allocation thereof were determined by the auction process. The auction was modeled after that used by the United States Treasury Department, with some notable differences, some of which are described below. The auction was held on the website [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com), which also contained the rules that governed the auction. The following describes how our auction agent conducted the auction.

***Date, Time and Location of Auction***

The auction opened at 5:00 p.m., E.D.T., on May 4, 2007 and closed at 4:09 p.m., E.D.T., on May 7, 2007. The auction was hosted on the internet website [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com).

Bidders that registered prior to the opening of the auction were allowed to place bids prior to the opening of the auction as described below in Early Bids.

***Qualification of Bidders; Suitability***

Our objective was to conduct an auction in which bidders submitted informed bids.

Prospective bidders that wanted to bid for our ESOARS, by registering with the website [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com), automatically qualified to bid for up to a bid limit of \$20,000. Prospective bidders who wanted to bid for more than that amount were allowed to contact us by telephone at (800) 524-8875 or by e-mail at [auctions@zionsdirect.com](mailto:auctions@zionsdirect.com) to request a greater bid limit. Any decision to increase a bidder's bid limit, upon such request, was in our sole and absolute discretion. To ensure that we had sufficient time to process requests for an increase in a bidder's automatically assigned bid limit prior to the end of the auction, requests had to be made prior to the start of the auction. If a bidder requested an increase in its bid limit after the start of the auction, we were not able to assure that bidder that we could or would process this request prior to the end of the auction. Bidders may have been required to submit specified financial information in order to establish bid limits greater than \$20,000 and the suitability of the bidder for a larger investment in our ESOARS. We or our auction agent may have contacted such bidders to request any other pertinent information that we or our auction agent required to establish the bid limit and the suitability of such bidder.

Bidders that registered for the auction of our Employee Stock Option Appreciation Rights Securities, Series 2006 were able to bid for up to their previously assigned bid limit.

We cautioned bidders that our ESOARS may not be a suitable investment for them even if they qualified to participate in the auction. Moreover, even if bidders qualified to participate in the auction and placed a bid, they may not have received an allocation of ESOARS in our offering for a number of reasons described below.

No employees of Zions Direct, our auction agent, were allowed to participate in the auction. Additionally, specified employees of us and some of our other affiliates were not allowed to participate in the auction. Some of these employees include specified executive officers, our stock option plan administrators, anyone involved in the creation and structuring of our ESOARS and employees involved in the auction process.

***Registration***

A prospective bidder had to register electronically at [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com). A prospective bidder registered by:

providing all of the information required by the Bidder Registration Form found at [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com), and

submitting that fully-completed form to our auction agent through [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com).

During the registration process, each prospective bidder selected a user identification, or user ID, and password to access the bid page on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) and to submit bids in the auction.

In connection with the registration process, prospective bidders were required to answer certain questions that indicated that such bidder had accessed or received the offering materials and understood the risk of investing in ESOARS and that ESOARS are suitable for such bidder. In addition, by registering to bid in the auction, a prospective bidder represented and warranted to us that such bidder's bid was submitted for and on behalf of such prospective bidder by himself, herself or itself, as applicable, or by an officer or agent who was duly authorized to bind the

prospective bidder to a legal, valid and enforceable contract with respect to the bid for, and purchase of, our ESOARS .  
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We confirmed by e-mail a prospective bidder's successful registration. A prospective bidder was not obligated to submit a bid in the auction simply because that bidder had registered to bid in the auction.

Each prospective bidder was solely responsible for making necessary arrangements to access [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) for purposes of submitting its bid in a timely manner and in compliance with the requirements described in this prospectus supplement.

### ***Bid limit***

Individuals and institutions registered at [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) were able to participate in the auction.

In order to ensure a broad participation in this offering, we or our auction agent assigned to each bidder a bid limit. The auction website allowed a bidder to place up to five separate, concurrent bids. A bidder was not able to place aggregate in-the-money bids that exceeded that bidder's bid limit (as described below).

Prospective bidders registering to bid on ESOARS for the first time on the website [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) automatically qualified to bid for up to a bid limit of \$20,000. Prospective bidders who wanted to bid for more than that amount were allowed to contact us by telephone at (800) 524-8875 or by e-mail at [auctions@zionsdirect.com](mailto:auctions@zionsdirect.com) to request a greater bid limit. Any decision to increase a bidder's bid limit, upon such request, was in our sole and absolute discretion. A bidder's bid limit in no event exceeded \$500,000. A bidder was not able to place a bid that exceeded that bidder's bid limit.

### ***Bidding Auction Process; Irrevocability of Bids***

The auction opened at 5:00 p.m., E.D.T., on May 4, 2007 and closed at 4:09 p.m., E.D.T., on May 7, 2007. Bids had to be submitted electronically at [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com), except as described below in Early Bids. Each prospective bidder was solely responsible for registering to bid at [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) as described above.

Bidders were not able to bid in the auction unless they had registered on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com). Each bidder was able to access the auction beginning at 5:00 p.m., E.D.T., on May 4, 2007, using the user ID and password obtained at the time of registration.

The minimum size of a bid was one whole ESOARS Unit. Bidders were not allowed to bid for fractional ESOARS Units. We reserved the right in our sole discretion to reject any bid that we deemed to be manipulative, mistaken or made due to a misunderstanding of our ESOARS on the part of the bidder. We reserved this right in order to preserve the integrity of the auction process.

**A bidder's bid was generally binding on that bidder once that bidder submitted and confirmed that bid. Unless a bidder changed its bid to increase the resulting net value of its bid as described below, that bidder was not thereafter able to retract or cancel that bid. Once a bidder posted and confirmed a bid, that bidder could not then lower the bid price or lower the number of ESOARS Units bid for. A bidder was able to only:**  
**increase the number of ESOARS Units that it was interested in purchasing; or**

**increase the bid price per ESOARS Unit that it was willing to pay;**

**or both.**

Each bidder was able to place up to five separate, concurrent bids. Each bid could have been made for different numbers of ESOARS Units and for different bid prices. A bidder who had one active bid was able to bid up to his bid limit in that one bid. However, if a bidder had more than one active bid, the aggregate amount of in-the-money bids (as described below) could not have exceeded that bidder's bid limit. The bid limit was allocated first to the highest price per unit bid multiplied by the number of ESOARS Units bid at that price. Any remaining bid limit was then allocated to the next highest price per unit bid multiplied by the number of ESOARS Units bid at that price, and so on until the bid limit assigned to that bidder had been reached. The bids of a bidder who had placed multiple bids were deemed to be in-the-money only to the extent that (1) the bid price was at or above the market-clearing price and (2) the aggregate dollar amount of the multiple bids that were in-the-money was less than or equal to that bidder's bid limit. **In short, the maximum number of ESOARS Units that a bidder could have been allocated was the number of ESOARS Units designated as in-the-money by the auction website.**

Each separate bid could have been modified as described above in order to increase the number of ESOARS Units bid for or to increase the bid price, or both. There was no limit to the number of times that a bidder could improve an

individual bid. In no event was a bidder allowed to submit or modify a bid in a manner that would have resulted in a reduction in that bidder's aggregate number of ESOARS Units that were then designated as in-the-money. A modification of one bid did not modify any other bid. Because each bid was independent of any other bid, each bid could have resulted in an allocation of ESOARS Units; consequently, the sum of a bidder's bid sizes should have been no more than the total number of ESOARS Units that bidder was willing to purchase.

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Once the auction began, all bidders that had registered could submit bids only through [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com).

We urged bidders to consider all the information in this prospectus supplement and the accompanying base prospectus in determining whether to submit a bid, the number of ESOARS Units that bidder was interested in purchasing and the price per ESOARS Unit that it was willing to pay.

In connection with submitting a bid, a bidder had to log on to [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) and do the following: state the number of ESOARS Units that it was interested in purchasing;

state the purchase price per ESOARS Unit that it was willing to pay; and

review its bid to ensure accuracy, then confirm that bid.

Once an investor:

placed a bid on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com), and

confirmed that bid on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com),

that bid constituted an irrevocable offer to purchase our ESOARS Units (except as set forth above), on the terms provided for in the bid.

For purposes of the electronic bidding process at [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com), the time as maintained on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) constituted the official time of a bid. Bidders were able to monitor the status of their bids as described more fully below. Bids submitted on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) had to be received by us before 4:09 p.m., E.D.T., on May 7, 2007, which was when the auction ended.

The auction was initially scheduled to close at 3:30 p.m., E.D.T., on May 7, 2007. In accordance with the auction procedures, due to the receipt of bids in the final two minutes of the auction that would have changed the allocation of ESOARS Units had the auction closed at such time, the auction was automatically extended, on successive occasions, two minutes from the receipt of each of such bids. As a result, the auction closed at 4:09 p.m., E.D.T., on May 7, 2007. There was no limit on the number of two-minute periods by which the auction could have been extended.

While the auction platform was subjected to stress testing to confirm its functionality and ability to handle numerous bidders, it was impossible for us to predict the response of the investing public to this offering. Bidders were cautioned that if enough bidders tried to access the platform and submit bids simultaneously, there could have been a delay in receiving and/or processing their bids. Bidders were cautioned that the auction website capacity limits could prevent last-minute bids from being received by the auction website and were advised to plan their bidding strategy accordingly. We made no guarantee that any submitted bid would be received, processed and accepted during the auction process.

The auction was modeled after that used by the United States Treasury, with some notable differences. The auction was an open auction, with bidders being updated on the status of their bids relative to other bidders, as described in this paragraph. **At no point during the auction, however, did bidders have access to other bidders' actual bids, and at no point did bidders have access to other bidders' identities.** After submission and confirmation of bid quantity and price, the [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) web page indicated whether that bid was at that time in a winning position, or in-the-money. If a bid was in-the-money at a particular point in time during the auction, that meant that, if the auction ended at that particular time, the number of in-the-money ESOARS Units of that bidder's bid would have been accepted. In order for a bid to have been accepted, a bid must have been in-the-money at the close of the auction. In order to monitor the progress of the auction, bidders may have needed to manually refresh the bid page to see whether their status had changed. This process continued until the end of the auction, at which point our auction agent reviewed the submitted bids and determined the auction winners and allocations. See Risk Factors Risks Related to the Auction Process beginning on page S-8 of this prospectus supplement.

Neither we nor our auction agent had any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither we nor our auction agent were responsible for a bidder's failure to register to bid or for proper operation of [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com), or had any liability for any delays or interruptions of, or any damages caused by, [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com).

***Early Bids***

As a convenience to bidders, we accepted early bids from bidders that had registered prior to the opening of the auction, within the registration and bidding parameters described herein. We accepted early bids that we received prior to the opening of the auction. Bidders were able to submit an early bid by facsimile, e-mail or mail as follows:

facsimile at (888) 264-6188;

e-mail sent to [auctions@zionsdirect.com](mailto:auctions@zionsdirect.com); or

mail sent to Zions Direct, Attention: ESOARS , One South Main, 17th Floor, Salt Lake City, Utah 84111.  
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Each bid submitted as provided in the preceding sentence had to be written on an Early Bid Submission Form, which bidders could have requested that we send by facsimile or e-mail, and must have included:

the bidder's user ID and password;

the number of ESOARS Units bid for;

the proposed purchase price of each ESOARS Unit bid for; and

the bid total purchase price of the ESOARS Units bid for.

All of the terms and conditions of the auction described in this prospectus supplement applied to eligible bidders who submitted early bids. In particular, bidders were cautioned that if a bidder submitted an early bid, it would have been deemed submitted and confirmed at the time that the bidder actually submitted its early bid, notwithstanding that the bidder could, for example, want to revoke its early bid before the opening of the auction. Bidders were able to amend their early bid only as permitted above in Bidding Auction Process; Irrevocability of Bids.

If a bidder submitted an early bid before that bidder had registered to participate in the auction, that bidder's bid was not processed. We entered early bids on behalf of early bidders as soon as practicable after the opening of the auction. We did not assume any responsibility or liability for the failure of any facsimile, e-mail or mail transmission (whether such failure arose from equipment failure, communications failure or otherwise). We did not assume any responsibility or liability for our or our auction agent's failure to accurately submit an early bid in the auction on a bidder's behalf. To ensure that early bidders' bids were accurately placed, bidders were urged to submit their bids on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com) during the auction.

**Market-Clearing Price**

The market-clearing price for our ESOARS was the highest price at which all of the ESOARS Units offered hereunder were sold. We determined this price by moving down the list of accepted bids in descending order of bid price until the total quantity of ESOARS Units bid for was greater than or equal to the 99,418 ESOARS Units offered hereunder.

For example, assume that 100,000 ESOARS Units were being offered and that the following bidders had bid as follows:

<b>Bidder</b>	<b>ESOARS Units Represented by Bid</b>	<b>Bid Price</b>
A	50,000	\$100.00
B	50,000	\$ 75.00
C	50,000	\$ 50.00

In this example, \$100.00 is not the market-clearing price because only 50,000 of the ESOARS Units offered could be sold at that price. Furthermore, \$50.00 is not the market-clearing price because, although all of the ESOARS Units being offered are sold for prices over \$50.00, this is not the highest price at which all of the ESOARS Units offered could be sold. Instead, all of the ESOARS Units being offered in this example would have been sold at the higher price of \$75.00. Therefore, \$75.00 is the market-clearing price in this example.

The entire issue of ESOARS Units would be sold at the market-clearing price (similar to the United States Treasury auction). Therefore, in the example above, all of the ESOARS Units sold, even those that were bid for at \$100.00, would have been sold for \$75.00. We cautioned investors that the market-clearing price could have little or no relationship to the price that would be established using other indicators of value. The scenario above is an example only and should not be considered indicative of an appropriate or likely market-clearing price of our ESOARS.

**Allocation**

Once the market-clearing price of our ESOARS was determined, our auction agent began the allocation process. Bidders bidding above the market-clearing price were allocated the entire quantity of ESOARS Units for which they had bid; however, in no event was a bidder allowed to purchase more ESOARS Units than the lesser of (1) the number of ESOARS Units that that bidder's bid limit would purchase and (2) the total number of ESOARS Units of that

bidders bid designated as in-the-money by the auction website. In the event that multiple bidders bid at the market-clearing price and the total quantity of ESOARS Units for which they had bid exceeded the number of available ESOARS Units not allocated to higher bidders, the auction agent determined the *pro rata* percentage of the remaining ESOARS Units to be allocated to such bidders by dividing:

the number of ESOARS Units not previously allocated to higher bidders, by

the total number of ESOARS Units bid for at the market-clearing price.

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The auction agent then allocated to each such bidder a number of the remaining ESOARS Units equal to: the *pro rata* percentage, multiplied by

the number of ESOARS Units bid for by each such bidder at the market-clearing price, rounded up to the nearest whole number of ESOARS Units.

For example, assume again that 100,000 ESOARS Units were being offered and that the following bidders again bid as follows:

<b>Bidder</b>	<b>ESOARS Units Represented by Bid</b>	<b>Bid Price</b>
A	50,000	\$100.00
B	50,000	\$ 75.00
C	50,000	\$ 75.00

In this example, \$75.00 is the market-clearing price because it is the highest price at which all of the ESOARS Units offered could be sold. Therefore, Bidder A is allocated all 50,000 ESOARS Units bid for. This leaves 50,000 ESOARS Units to be allocated to the bidders that bid at the market-clearing price. However, Bidder B and Bidder C bid for an aggregate of 100,000 ESOARS Units. Therefore, the remaining 50,000 ESOARS Units are allocated on a *pro rata* basis to Bidder B and Bidder C. In this example, because Bidder B and Bidder C bid identically, each is allocated 25,000 ESOARS Units. This scenario is an example only and should not be considered indicative of an appropriate or likely market-clearing price for our ESOARS .

In the event that a single bidder bid at the market-clearing price but the available quantity was less than that for which the bidder bid, the bidder received the available quantity. If an allocation of our ESOARS Units to a bidder would have resulted in the issuance of a fractional ESOARS Unit to that bidder, then we rounded up to a whole ESOARS Unit.

We reserved the right to alter the method of allocation of the ESOARS Units as we deemed necessary to ensure a fair and orderly distribution.

**Results of Auction and Bid Acceptance**

Bidders were allowed to view the results of the auction on [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com). We cautioned bidders that the auction agent would accept successful bids by sending an electronic notice of acceptance and that bidders who submitted successful bids would be obligated to purchase the ESOARS Units allocated to them, regardless of whether they were aware that the electronic notice of acceptance had been sent.

**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. Zions Direct will make a suitability determination with respect to those winning bidders seeking to open a Zions Direct account.

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**ZIONS BANCORPORATION 2005 STOCK OPTION AND INCENTIVE PLAN**

We issued each of the reference options pursuant to our 2005 Stock Option and Incentive Plan dated effective as of May 6, 2005 (the Incentive Plan ). We filed a copy of our Incentive Plan as Exhibit 4.7 to our Registration Statement on Form S-8, which we filed with the SEC on May 6, 2005. We have attached a copy of our Incentive Plan as Annex B of this prospectus supplement. We also filed a copy of our Standard Stock Option Award Agreement (the Standard Option Agreement ) as Exhibit 10.5 to our Quarterly Report on Form 10-Q for our fiscal quarter ended March 31, 2005, which we filed with the SEC on May 5, 2005. We have attached a copy of our Standard Option Agreement as Annex C of this prospectus supplement. We issued substantially all of our reference options pursuant to the terms and conditions contained in the Standard Option Agreement.

The following description is only a summary of the material relevant provisions of our 2005 Stock Option and Incentive Plan. It does not restate the Incentive Plan in its entirety. This summary, as well as any other discussion of our Incentive Plan and our reference option grants in this prospectus supplement, is qualified by reference to the text of the Incentive Plan and the Standard Option Agreement. We urge you to read the Incentive Plan and the Standard Option Agreement, because they, and not this description or any other discussion in this prospectus supplement, define the terms under which an employee optionee may exercise a reference option.

***Summary of Our 2005 Stock Option and Incentive Plan***

*Purpose.* The purpose of the Incentive Plan is to promote our long-term success by providing an incentive for the officers, employees and directors of, and consultants and advisors to, us and our affiliates to acquire a proprietary interest in our success, to remain in our service or the service of our affiliates and to render superior performance during such service.

*Administration.* The Incentive Plan is administered by the executive compensation committee of our board of directors or a subcommittee thereof (the Committee ). The Committee has the authority to:

- construe, interpret and implement the Incentive Plan;
- prescribe, amend and rescind rules and regulations relating to the Incentive Plan;
- make all determinations necessary or advisable in administering the Incentive Plan;
- correct any defect, supply any omission and reconcile any inconsistency in the Incentive Plan;
- amend the Incentive Plan to reflect changes in applicable law;
- determine whether awards may be settled in shares of our common stock, cash or other property;
- determine whether amounts payable under an award should be deferred; and
- make other determinations and take other actions relative to the Incentive Plan.

The determination of the Committee on all matters relating to the Incentive Plan or any award agreement is final and binding.

*Eligibility.* Acting and prospective directors, officers and employees of, and consultants and advisors to, us and our affiliates, as selected by the Committee in its discretion, are eligible to participate in the Incentive Plan.

Approximately 8,000 of our directors, officers and employees are eligible to participate; however, because the Incentive Plan provides for broad discretion in selecting grantees and in making awards, we cannot determine the total number of persons who may participate and the respective benefits to be accorded to them.

*Shares of Common Stock Available for Issuance Through the Incentive Plan.* Up to 8,900,000 shares of our common stock were initially authorized for issuance through the Incentive Plan. As of December 31, 2006, 6,630,337 of those shares remained available for issuance in connection with future stock option grants. Only 994,180 shares of our common stock are subject to reference options. See Description of Reference Options. Shares of our common stock may be issued under the Incentive Plan from authorized but unissued shares of our common stock or authorized



and issued shares of our common stock held in our treasury or otherwise acquired for the purposes of the Incentive Plan.

Provisions in our Incentive Plan permit the reuse or reissuance of shares of our common stock underlying forfeited, terminated or canceled awards of stock-based compensation. If awards or underlying shares of our common stock are tendered or withheld as payment for the exercise price of an award, then we may not reuse or issue, or otherwise treat as available under our Incentive Plan, the shares of our common stock. Any shares of our common stock delivered by us, any shares of common stock with respect to which awards under the Incentive Plan are made by us and any shares of common stock with respect to which we become obligated to make awards, through the assumption of, or in substitution for, outstanding awards previously granted by an acquired entity, are not counted against the shares available for awards under the Incentive Plan.

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The Committee has the authority to adjust the terms of any outstanding awards and the number of shares of our common stock issuable under our Incentive Plan for any increase or decrease in the number of issued shares of common stock resulting from a stock split, reverse stock split, stock dividend, recapitalization, rights offering, combination or reclassification of the common shares, or other events affecting our capitalization.

*Stock Options.* The Committee has discretion to award to eligible employees:

incentive stock options ( ISOs ), which are intended to comply with Section 422 of the Internal Revenue Code of 1986, as amended, or

nonqualified stock options, which are not intended to comply with Section 422 of the Internal Revenue Code of 1986, as amended.

The Committee determines the number of shares of our common stock covered by the applicable option and the exercise period and exercise price of such option. However, the exercise period may not exceed ten years and the exercise price may not be less than the fair market value of a share of our common stock on the date the option is granted. The Committee has discretion to set such additional limitations, conditions and provisions on or relating to option grants as it deems appropriate.

Upon the exercise of an option granted under our Incentive Plan, the exercise price is payable in full to us either: in cash or its equivalent;

by delivery of shares of our common stock having a fair market value at the time of exercise equal to all or a part of the exercise price (provided such shares have been held for at least six months prior to their tender); or

any other method approved by the Committee in its discretion.

Grantees of an option award generally will not have any of the rights of our shareholders with respect to shares subject to their award until the issuance of the shares.

*Performance Goals.* The Committee may grant awards under the Incentive Plan subject to the attainment of specified performance goals. The performance goals applicable to an award may provide for a targeted or measured level or levels of achievement or change using one or more of the following measures:

revenue;

earnings per share;

net income;

return on assets;

return on equity;

stock price;

economic profit or shareholder value added; and

total shareholder return.

*Termination of Employment and Change in Control.* The Incentive Plan determines the extent to which a grantee will have the right to exercise or obtain the benefits of an award or underlying shares following termination of the grantee's employment or service by or for us or our affiliates or upon a change in control of us, unless modified by the Committee with respect to an award.

The Incentive Plan provides that, unless the Committee determines otherwise at the time of an award, upon a change in control of us, the exercisability of, and the lapse of restrictions with respect to, the award will be accelerated, the exercise period, if any, of the award will be extended and, if so determined by the Committee, the

award may be cashed out. The termination and change in control provisions need not be uniform among all grantees and may reflect distinctions based on the reasons for termination of employment or service by or for us or our affiliates.

*Adjustments and Amendments.* The Incentive Plan provides for appropriate adjustments in the number and nature of shares of our common stock subject to awards and available for future awards and in the exercise price of options in the event of changes in our issued and outstanding common stock by reason of a merger, stock split or other specified events.

The Committee may amend the Incentive Plan at any time and for any purpose that the Committee deems appropriate. However, no amendment may adversely affect any outstanding awards in a material way without the affected holder's consent, except in specified circumstances.

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*No Repricing or Reloads.* Options issued under our Incentive Plan may not be repriced without the approval of our shareholders. The plan does not allow reload options to be issued upon exercise of outstanding options.

*Nontransferability.* Unless the Committee determines otherwise in specified circumstances, no award (including options) granted pursuant to, and no right to payment under, our Incentive Plan will be assignable or transferable by a grantee except by will or by the laws of descent and distribution, and any option or similar right will be exercisable during a grantee's lifetime only by the grantee or by the grantee's legal representative.

*Duration of the Incentive Plan.* Unless earlier terminated by our board of directors, our Incentive Plan will terminate on the tenth anniversary of adoption of the plan by our board of directors; provided, however, that the terms of our Incentive Plan will continue to govern until all then-outstanding options granted thereunder have been satisfied or terminated pursuant to the terms of the Incentive Plan, and all restricted periods and performance periods have lapsed.

***Federal Income Tax Consequences to Employees With Respect to Stock Options***

*Incentive Stock Options.* A grantee will not be subject to tax upon the grant of an ISO, or, generally, upon the exercise of an ISO. However, the excess of the fair market value of the shares of our common stock on the date of exercise over the exercise price paid will generally be included in the grantee's alternative minimum taxable income. Whether a grantee is subject to the alternative minimum tax will depend on his or her particular circumstances. Following exercise of an ISO, if a grantee disposes of the shares of our common stock acquired upon exercise of an option on or after the later of:

the second anniversary of the date of grant of the ISO, and

the first anniversary of the date of exercise of the ISO (the statutory holding period),

then the grantee will recognize a capital gain or loss in an amount equal to the difference between the amount realized on such disposition and the grantee's basis in the shares. If the grantee disposes of those shares before the end of the statutory holding period, he or she will have engaged in a disqualifying disposition. As a result, the disposition will be subject to tax:

on the excess of the fair market value of the shares on the date of exercise (or the amount realized on the disqualifying disposition, if less) over the exercise price paid, as ordinary income, and

on the excess, if any, of the amount realized on such disqualifying disposition over the fair market value of the shares on the date of exercise, as capital gain.

If the amount a grantee realizes from a disqualifying disposition is less than the exercise price paid and the loss sustained upon such disposition would otherwise be recognized, the grantee will not recognize any ordinary income from such disqualifying disposition and instead will recognize a capital loss. In the event of a disqualifying disposition, the amount recognized by the grantee as ordinary income is generally deductible by us. We are currently not obligated to withhold income or other employment taxes upon a disqualifying disposition of an ISO.

*Nonstatutory Stock Options.* A grantee will not be subject to tax upon the grant of an option which is not intended to be (or does not qualify as) an ISO (a nonstatutory stock option). Upon exercise of a nonstatutory stock option, an amount equal to the excess of the fair market value of the shares acquired on the date of exercise over the exercise price paid is taxable to the grantee as ordinary income, and such amount is generally deductible by us. This amount of income will be subject to income tax and employment tax withholding.

**Table of Contents****DESCRIPTION OF REFERENCE OPTIONS**

Our board of directors approved the reference options on May 4, 2007. The board approved the granting of 994,180 options. The exercise price of \$83.25 per share was set at the market closing price on May 4, 2007. One-third of the reference options vest on the grant date anniversary in each of the first three years. There are no other vesting conditions. The vesting conditions are identical for all reference options. The reference options expire seven years after the grant date, on May 3, 2014.

Some of the granted options will be classified as incentive stock options, with the remainder classified as non-qualified options. In general, incentive and non-qualified differ as to their tax consequences for the option grantee. Other than the classification of our reference options as incentive or non-qualified options, the reference options are identical. There are no differences in terms, including vesting, termination or cancellation.

The Standard Option Agreement, under which we issued substantially all of the reference options, generally provides that the reference options will terminate immediately upon:

the employee's termination of his or her employment with us for any reason, or

our termination of that employee's employment for cause.

The following table shows the allocation of the reference options among employee groups.

	<b>Number of Employees</b>	<b>Number of Reference Options Granted</b>
Executives(1)	47	688,427
Upper-level Managers(2)	56	226,853
Mid-level Managers & Other Top Performers(3)	46	78,900
<b>Total</b>	<b>149</b>	<b>994,180</b>

(1) Refers primarily to our Chief Executive Officer, our Chief Financial Officer, Chief Executive Officers of our affiliate banks and Executive Vice Presidents of Zions Bancorporation and our affiliate banks.

(2) Refers primarily to non-executive managers having a change in control

provision in  
their  
employment  
contract.

- (3) Includes all  
other employees  
receiving  
options.

Of the 149 employees who were granted reference options, 41 employees (receiving options relating to an aggregate of 360,997 shares of our common stock) were eligible for retirement under the terms of our 2005 Stock Option and Incentive Plan at the date of grant. By contrast, of the 121 employees who were granted options in connection with our May 1, 2006 grant of options, 32 employees (receiving options relating to an aggregate of 312,060 shares of our common stock) were eligible for retirement under the terms of our 2005 Stock Option and Incentive Plan at the date of grant. Some of these option grantees may have negotiated separate employment contracts that may have retirement provisions that differ from those in our 2005 Stock Option and Incentive Plan.

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**HISTORICAL STOCK OPTION EXERCISE DATA**

The tables, charts and graphs shown on the following pages are select summaries of our past large option grants and the exercise behavior of our employee recipients of those options. The data from which these select summaries are derived is available at [www.auctions.zionsdirect.com](http://www.auctions.zionsdirect.com). The information and materials found on that website are not part of this prospectus supplement and are not incorporated by reference into this prospectus supplement. While we have attempted to summarize this data in a useful way, you should determine its usefulness for yourself. Also, you may determine that alternative analyses of the data are more useful.

Our option grants and incentive option plans have varied in material ways over time. The composition of the group of employees in terms of specific individuals and rank and/or title of individuals has also varied over time. For example, prior to 2005, we granted a larger number of stock options to more varied groups of employees. To illustrate, we have granted:

1,473,270 stock options in 2001;

1,577,550 stock options in 2002;

1,463,450 stock options in 2003; and

1,699,750 stock options in 2004.

However, we granted only:

741,941 stock options in 2005;

936,024 stock options in 2006; and

994,180 stock options in 2007.

The number of individuals to whom we have issued stock options has also recently declined. The following shows the number of persons to whom we have granted stock option grants for the past four years:

for 2004, 879 individuals;

for 2005, 102 individuals, mainly executives and upper-level managers;

for 2006, 121 individuals, mainly executives and upper-level managers; and

for 2007, 149 individuals, mainly executives and upper-level managers.

Also, we granted shares of restricted stock to 615 employees in 2005 and 888 employees in 2006, in each case mostly in middle management.

The pattern of exercise of the reference options may differ significantly from that of options granted in years 2004 and earlier, as the composition of the employee group receiving options changed significantly. Additionally, the terms of our option plans have varied over time with respect to, among other things, vesting, expiration date and employment termination conditions. Because of these and other differences between our previous option grants and the May 4, 2007 grant of the reference options, you should consider this past exercise behavior as general background information only. You should not consider that it is necessarily indicative of future exercise behavior, nor should you necessarily rely on it for precise analysis.

The option grants summarized below represent summaries of the large option grants that we have made annually to select employees. From time to time throughout each year, we have also made additional, smaller option grants largely to newly-hired employees. We do not reflect these additional, smaller option grants in the tables, charts and graphs below. We also do not reflect option grants to our directors and option grants made pursuant to our You're the Owner program, which program has been discontinued. In 2000, we made two sizeable option grants, summaries for each of which we have provided below.

The summary for each grant contains brief information about the key vesting conditions and the length of time until expiration. You can find additional details regarding the option terms by reading our previous form of option award agreements and stock option plans under which we have granted the options described in this section, which we have filed with the SEC. See *Where You Can Find More Information* on page iv of this prospectus supplement.

*Grant Summary Table.* The *Grant Summary* table for each year (or, in the case of 2000, for the applicable grant date) contains summary information regarding the grant date, number of options granted, grant price, the number of options exercised and the number of options canceled. The *Grant Date* is the date on which our board of directors approved the granting of the options.

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The Grant Price is the exercise, or strike, price of the options granted and is equal to the closing market price of our common stock on the date of the option grant. The number of options exercised is equal to the number of the granted options exercised, and in the case of option grants that have not expired, it is the number exercised through March 31, 2007. Canceled options represent vested options that were not exercised (in the case of grants that have expired) or options that will not be exercised (in the case of options that have not expired). Typically, canceled options result upon termination of employment. Holders of ESOARS will not receive any payments with respect to any vested reference options that are canceled as a result of the termination of an employee's employment with us.

*Exercise by Year Table.* The Exercise by Year table for each year (or, in the case of 2000, for the applicable grant date) contains year-by-year summary information regarding the number of options exercised, the weighted average market value at which they were exercised, the dollar value realized from the exercises and the cumulative percentage of options exercised. The number of options exercised represents the options exercised during the calendar year. Note that due to vesting provisions and the expiration of the options on the option grant date anniversary, exercises will not occur throughout the entirety of the calendar year in the initial and final calendar year of the period during which the reference options may be exercised. We computed the figures in the Weighted Average Market Value at Exercise column by:

    multiplying each option exercised in a given year by the price at which it was exercised;

    summing all such products for all of the exercises in the calendar year; and  
 dividing that sum by:

    the number of options exercised during said calendar year.

We obtained the figures in the \$Value Realized column by multiplying, for each option exercise:

    the number of options exercised

by the difference between:

    the price at which they were exercised, and

    the grant price (also known as the exercise, or strike, price).

We arrived at the figures in the Cumulative % Exercised column for a given year by taking:

    the sum of all options exercised in that year and prior years,

divided by:

    the total number of options that we granted.

*Cumulative Exercise Graph.* The Cumulative Exercise graph for each year (or, in the case of 2000, for the applicable grant date) contains the cumulative options exercised over time, as well as the cumulative dollar value realized over time. The graphs start with the first anniversary of the grant date, which is the first date at which options may be exercised, and end with the expiration of the option period. We created the graph for the cumulative percentage of stock options exercised by plotting the numbers derived by:

    dividing the cumulative options exercised for each day covered by the graph, by

    the total number of options granted.

We created the graph for cumulative dollar value realized by plotting the cumulative dollar value realized for each day covered by the graph. We obtained the amount of dollar value realized by multiplying for each option exercise:

    the number of options exercised,

by the difference between:

    the price at which those options were exercised, and

    the grant price (also known as the exercise, or strike, price).

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The cumulative dollar value realized is the sum of the dollar value realized starting with the first anniversary of the option grant up to the day represented by each point in the graph. For grants that have not yet expired, the scale for cumulative dollar value realized is chosen to scale the graph approximately in line with the cumulative percent exercised and should not be interpreted as indicative of the final cumulative value that will be realized. The final cumulative value that will be realized with respect to unexpired grants is unknown.

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Table of ContentsZions Bancorporation March 18, 1994 Option Grant**Grant Terms**

Vesting Vest 25% after each of first four years  
 Term Expire after 6 years

		<b>Grant Summary</b>			
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>	
3/18/1994	397,000	\$9.94	364,996	17,252	

		<b>Exercise by Year</b>			
<b>Year</b>	<b>Number Exercised</b>	<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative % Exercised</b>	
1995	17,988	\$14.36	\$ 79,523	4.5%	
1996	43,696	\$20.30	\$ 452,702	15.5%	
1997	85,430	\$32.78	\$ 1,950,829	37.1%	
1998	101,213	\$50.32	\$ 4,086,678	62.6%	
1999	79,273	\$63.46	\$ 4,242,491	82.5%	
2000	37,396	\$48.03	\$ 1,424,380	91.9%	
<b>Total</b>	<b>364,996</b>		<b>\$12,236,602</b>		

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Table of ContentsZions Bancorporation April 28, 1995 Option Grant**Grant Terms**

Vesting Vest 25% after each of first four years  
 Term Expire after 6 years

<b>Grant Summary</b>				
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
4/28/1995	277,700	\$ 10.66	260,920	3,005

<b>Exercise by Year</b>				
<b>Year</b>	<b>Number Exercised</b>	<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative % Exercised</b>
1996	14,792	\$ 19.96	\$ 137,621	5.3%
1997	33,128	\$ 33.57	\$ 758,957	17.3%
1998	55,300	\$ 50.58	\$ 2,207,844	37.2%
1999	76,464	\$ 63.04	\$ 4,005,034	64.7%
2000	38,932	\$ 44.73	\$ 1,326,378	78.7%
2001	42,304	\$ 53.20	\$ 1,799,401	94.0%
<b>Total</b>	<b>260,920</b>		<b>\$ 10,235,235</b>	

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Table of ContentsZions Bancorporation March 8, 1996 Option Grant**Grant Terms**

Vesting Vest 25% after each of first four years  
 Term Expire after 6 years

<b>Grant Date</b>	<b>Granted</b>	<b>Grant Summary Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
3/8/1996	348,700	\$18.13	315,936	7,664

<b>Year</b>	<b>Number Exercised</b>	<b>Exercise by Year</b>		<b>Cumulative % Exercised</b>
		<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	
1997	20,732	\$35.05	\$ 350,763	5.9%
1998	52,405	\$50.78	\$ 1,710,853	21.0%
1999	60,741	\$63.08	\$ 2,730,358	38.4%
2000	45,367	\$47.67	\$ 1,340,075	51.4%
2001	54,893	\$53.23	\$ 1,926,983	67.1%
2002	81,798	\$51.69	\$ 2,744,823	90.6%
<b>Total</b>	<b>315,936</b>		<b>\$10,803,854</b>	

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Table of ContentsZions Bancorporation March 21, 1997 Option Grant**Grant Terms**

Vesting Vest 25% after each of first four years  
 Term Expire after 6 years

		<b>Grant Summary</b>			
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>	
3/21/1997	456,100	\$31.00	405,084	12,091	
		<b>Exercise by Year</b>			
		<b>Weighted</b>			
		<b>Average</b>			
		<b>Market Value</b>			<b>Cumulative</b>
		<b>at</b>			<b>%</b>
<b>Year</b>	<b>Number Exercised</b>	<b>Exercise</b>	<b>\$ Value Realized</b>		<b>Exercised</b>
1998	29,811	\$51.81	\$ 620,475		6.5%
1999	50,801	\$63.63	\$1,657,426		17.7%
2000	26,501	\$49.76	\$ 497,257		23.5%
2001	76,100	\$55.11	\$1,834,524		40.2%
2002	73,722	\$50.92	\$1,468,443		56.3%
2003	148,149	\$41.72	\$1,588,215		88.8%
<b>Total</b>	<b>405,084</b>		<b>\$7,666,340</b>		

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Table of ContentsZions Bancorporation April 24, 1998 Option Grant**Grant Terms**

Vesting Vest 25% after each of first four years  
 Term Expire after 6 years

		<b>Grant Summary</b>			
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>	
4/24/1998	624,725	\$48.50	461,382	63,518	
		<b>Exercise by Year</b>			
		<b>Weighted</b>			
		<b>Average</b>			
		<b>Market Value</b>			
		<b>at</b>			
<b>Year</b>	<b>Number Exercised</b>	<b>Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative</b>	<b>Exercised</b>
1999	19,148	\$63.14	\$ 280,383	3.1%	
2000	5,311	\$55.64	\$ 37,907	3.9%	
2001	57,644	\$56.77	\$ 476,595	13.1%	
2002	35,598	\$55.07	\$ 234,027	18.8%	
2003	127,250	\$58.18	\$1,231,706	39.2%	
2004	216,431	\$57.73	\$1,998,545	73.9%	
<b>Total</b>	<b>461,382</b>		<b>\$4,259,163</b>		

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Table of ContentsZions Bancorporation April 23, 1999 Option Grant**Grant Terms**

Vesting Vest 25% after each of first four years  
 Term Expire after 6 years

<b>Grant Date</b>	<b>Granted</b>	<b>Grant Summary Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
4/23/1999	746,750	\$69.13	28,750	589,553

**Exercise by Year  
Weighted Average**

<b>Year</b>	<b>Number Exercised</b>	<b>Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative % Exercised</b>
2000	0	n/a	\$ 0	0.0%
2001	0	n/a	\$ 0	0.0%
2002	0	n/a	\$ 0	0.0%
2003	0	n/a	\$ 0	0.0%
2004	0	n/a	\$ 0	0.0%
2005	28,750	\$69.99	\$24,817	3.9%
<b>Total</b>	<b>28,750</b>		<b>\$24,817</b>	

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Table of ContentsZions Bancorporation March 31, 2000 Option Grant**Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

		<b>Grant Summary</b>		
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
3/31/2000	947,500	\$41.63	780,805	45,358

		<b>Exercise by Year</b>			
		<b>Weighted Average Market Value at</b>			<b>Cumulative %</b>
<b>Year</b>	<b>Number Exercised</b>	<b>Exercise</b>	<b>\$ Value Realized</b>		<b>Exercised</b>
2001	49,144	\$55.72	\$ 692,907		5.2%
2002	81,606	\$55.74	\$ 1,151,915		13.8%
2003	219,646	\$56.57	\$ 3,281,856		37.0%
2004	161,142	\$61.62	\$ 3,222,213		54.0%
2005	138,234	\$71.65	\$ 4,149,930		68.6%
2006	45,527	\$80.64	\$ 1,776,266		73.4%
2007	85,506	\$85.48	\$ 3,749,623		82.4%
<b>Total</b>	<b>780,805</b>		<b>\$18,024,710</b>		

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Table of ContentsZions Bancorporation May 26, 2000 Option Grant**Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

<b>Grant Date</b>	<b>Granted</b>	<b>Grant Summary Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
5/26/2000	352,250	\$44.94	268,360	13,144

<b>Year</b>	<b>Number Exercised</b>	<b>Exercise by Year</b>		<b>Cumulative %</b>
		<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	
2001	13,339	\$56.72	\$ 157,129	3.8%
2002	28,386	\$54.89	\$ 282,633	11.8%
2003	83,642	\$56.81	\$ 993,150	35.6%
2004	63,565	\$61.41	\$1,047,166	53.6%
2005	31,682	\$70.19	\$ 800,086	62.6%
2006	19,478	\$81.09	\$ 704,720	68.2%
2007	28,268	\$84.64	\$1,122,446	76.2%
<b>Total</b>	<b>268,360</b>		<b>\$5,106,880</b>	

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**Table of Contents****Zions Bancorporation April 20, 2001 Option Grant****Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

<b>Grant Summary</b>				
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
4/20/2001	1,473,270	\$54.35	904,481	89,167

<b>Exercise by Year</b>				
<b>Year</b>	<b>Number Exercised</b>	<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative % Exercised</b>
2002	2,648	\$55.88	\$ 4,039	0.2%
2003	90,827	\$59.72	\$ 487,349	6.3%
2004	348,693	\$62.91	\$ 2,986,146	30.0%
2005	245,027	\$70.57	\$ 3,973,886	46.6%
2006	137,335	\$80.64	\$ 3,609,863	56.0%
2007	79,751	\$85.40	\$ 2,482,824	61.4%
2008				
<b>Total</b>	<b>904,481</b>		<b>\$13,544,107</b>	

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**Table of Contents****Zions Bancorporation April 26, 2002 Option Grant****Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

<b>Grant Summary</b>				
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
4/26/2002	1,577,550	\$53.72	930,406	27,993

<b>Exercise by Year</b>				
<b>Year</b>	<b>Number Exercised</b>	<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative % Exercised</b>
2003	64,510	\$60.43	\$ 432,709	4.1%
2004	258,272	\$62.71	\$ 2,322,646	20.5%
2005	370,094	\$70.90	\$ 6,356,924	43.9%
2006	141,743	\$80.78	\$ 3,835,482	52.9%
2007	95,787	\$85.38	\$ 3,032,792	59.0%
2008				
2009				
<b>Total</b>	<b>930,406</b>		<b>\$15,980,553</b>	

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**Table of Contents****Zions Bancorporation January 22, 2003 Option Grant****Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

<b>Grant Summary</b>				
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
1/22/2003	1,463,450	\$42.00	887,536	17,062

<b>Exercise by Year</b>				
<b>Year</b>	<b>Number Exercised</b>	<b>Weighted Average Market Value at Exercise</b>	<b>\$ValueRealized</b>	<b>Cumulative % Exercised</b>
2004	220,278	\$61.11	\$ 4,209,737	15.1%
2005	294,362	\$69.59	\$ 8,121,154	35.2%
2006	260,506	\$80.49	\$10,025,774	53.0%
2007	112,390	\$84.86	\$ 4,816,855	60.6%
2008				
2009				
2010				
<b>Total</b>	<b>887,536</b>		<b>\$27,173,519</b>	

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**Table of Contents****Zions Bancorporation April 30, 2004 Option Grant****Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

		<b>Grant Summary</b>			
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>	
4/30/2004	1,699,750	\$56.59	506,255	10,484	

		<b>Exercise by Year</b>			
<b>Year</b>	<b>Number Exercised</b>	<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative %</b>	
2005	192,083	\$71.57	\$ 2,878,023	11.3%	
2006	230,066	\$81.21	\$ 5,665,296	24.8%	
2007	84,106	\$84.97	\$ 2,386,763	29.8%	
2008					
2009					
2010					
2011					
<b>Total</b>	<b>506,255</b>		<b>\$10,930,083</b>		

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**Zions Bancorporation May 6, 2005 Option Grant**

**Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

<b>Grant Summary</b>				
<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
5/6/2005	741,941	\$70.79	44,537	2,101

**Exercise by Year  
 Weighted Average**

<b>Year</b>	<b>Number Exercised</b>	<b>Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative % Exercised</b>
2006	17,207	\$81.96	\$192,144	2.3%
2007	27,330	\$85.48	\$401,382	6.0%
2008				
2009				
2010				
2011				
2012				
<b>Total</b>	<b>44,537</b>		<b>\$593,525</b>	

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**Zions Bancorporation May 1, 2006 Option Grant**

**Grant Terms**

Vesting Vest one-third after each of first three years  
 Term Expire after 7 years

**Grant Summary**

<b>Grant Date</b>	<b>Granted</b>	<b>Grant Price</b>	<b>Exercised</b>	<b>Canceled</b>
5/1/2006	936,024	\$81.15	0	0

**Exercise by Year**

<b>Year</b>	<b>Number Exercised</b>	<b>Weighted Average Market Value at Exercise</b>	<b>\$ Value Realized</b>	<b>Cumulative % Exercised</b>
2007				
2008				
2009				
2010				
2011				
2012				
2013				
<b>Total</b>	0		\$ 0	

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**Table of Contents****VALUATION OF RECENT STOCK OPTION GRANTS**

Prior to January 1, 2006, we accounted for our share-based compensation, including our stock options, under Accounting Principles Board Opinion No. 25 ( APB 25 ), *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by SFAS No. 123, *Accounting for Stock-Based Compensation*. Accordingly, we did not record any compensation expense with respect to stock options granted prior to 2006, as the exercise price of the options was equal to the quoted market price of our common stock on the date of grant.

Effective January 1, 2006, we adopted SFAS No. 123R, *Share-Based Payment*, which requires all share-based payments to employees, including grants of employee stock options, to be recognized in the statement of income based on their fair values. This accounting utilizes a modified grant-date approach in which the fair value of an equity award is estimated on the grant date without regard to service or performance vesting conditions. We adopted SFAS No. 123R using the modified prospective transition method. Under this transition method, compensation expense is recognized beginning January 1, 2006 based on the requirements of SFAS No. 123R for all share-based payments granted after December 31, 2005, and based on the requirements of SFAS No. 123 for all awards granted to employees prior to January 1, 2006 that remain unvested as of that date.

SFAS No. 123R generally recognizes three approaches to stock option valuation:

a closed-form model such as the Black-Scholes option-pricing formula;

the binomial (lattice) method; and

market-based valuation.

We have used the Black-Scholes method to estimate the value of stock options and the *pro forma* share-based compensation. We believe that the Black-Scholes method is currently the most widely-used method of stock option valuation, and we have determined that it is the most appropriate method for our financial reporting purposes, pending the development of an acceptable market-based approach. Our ESOARS are designed to provide a basis for market-based valuation of stock options. We believe a market-based approach, such as that intended to be demonstrated by this offering of ESOARS, may ultimately provide a viable, if not superior, alternative to the Black-Scholes and binomial methods for valuing stock options.

The Black-Scholes model estimates the value of a stock option using various assumptions. The more significant assumptions used to apply this model include:

a weighted average risk-free interest rate;

a weighted average expected life;

an expected dividend yield; and

an expected volatility.

Use of these assumptions is subjective and requires judgment. Using the Black-Scholes model, in 2006, we recorded compensation expense of \$17,542,000 for stock options and reported in the footnotes to our financial statements that the *pro forma* share-based compensation expense of our stock options granted in 2005 and 2004, for all stock options awarded during those years, net of related tax effects, is as follows:

<b>Year of Stock Options Grant</b>	<b>Pro Forma Share-Based Compensation Expense</b>
2005	\$ 9,793,000
2004	\$ 12,503,000

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The following table summarizes the weighted average of fair value and the significant assumptions used in applying the Black-Scholes option-pricing model to compute the fair value of share-based compensation expense for our stock options granted in the years indicated:

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Weighted average of fair value for options granted	\$15.02	\$15.33	\$11.85
Weighted average assumption used:			
Expected dividend yield	2.0%	2.0%	2.0%
Expected volatility	18.0%	25.0%	26.8%
Risk-free interest rate	4.95%	3.95%	3.11%
Expected life (in years)	4.1	4.1	3.8

Presented under the section **Historical Stock Option Exercise Data** in this prospectus supplement is information regarding specified historical option grants. In particular, grant and exercise information regarding only some of our large annual grants is presented in that section. In contrast, the information presented above in this section and reported in our financial statements pertains to all stock options granted during each year represented.

The following table is included for reference only and contains the weighted average grant price (or strike or exercise price) for all stock options granted in the respective years:

<b>Year</b>	<b>Total Options Granted</b>	<b>Weighted Average Grant Price</b>
2006	979,274	\$81.14