

ZIONS BANCORPORATION /UT/
Form 424B5
September 04, 2003
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-107746

Prospectus Supplement to Prospectus dated August 21, 2003.

\$500,000,000

Zions Bancorporation

6.00% Subordinated Notes due September 15, 2015

We will pay interest on the notes on March 15 and September 15 of each year. The first such payment will be made on March 15, 2004. The notes will be issued only in denominations of \$1,000 and integral multiples of \$1,000.

The notes are subordinated in right of payment to all our senior indebtedness and effectively subordinated to all existing and future debt and all other liabilities of our subsidiaries and, upon the occurrence of certain events of insolvency, are subordinated to the prior payment in full of our general obligations. As of June 30, 2003, the aggregate amount of our outstanding senior indebtedness and general obligations was approximately \$537 million and the aggregate amount of our outstanding subordinated debt, including debt issued by us to financing trust subsidiaries that have issued trust preferred securities and including our subordinated guarantee of a subsidiary's debt, was approximately \$876 million. In addition, as of that date, the aggregate amount of all debt and other liabilities of our subsidiaries, other than the trust preferred securities and guaranteed debt referred to above, was approximately \$23.9 billion.

We may not redeem the notes prior to maturity.

The notes will not be listed on any national securities exchange. Currently, there is no public market for the notes.

The notes are our unsecured obligations. The notes are not savings accounts, deposits or other obligations of any of our banks or non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any other government agency.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Initial public offering price	99.804%	\$ 499,020,000
Underwriting discount	0.600%	\$ 3,000,000
Proceeds, before expenses, to us	99.204%	\$ 496,020,000

The initial public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from September 10, 2003 and must be paid by the purchasers if the notes are delivered after September 10, 2003.

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company against payment in New York, New York on September 10, 2003.

Goldman, Sachs & Co.

Bear, Stearns & Co. Inc.

Keefe, Bruyette & Woods, Inc.

Wachovia Securities

Zions Investment Securities, Inc.

Prospectus Supplement dated September 3, 2003.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information, including our consolidated financial statements and related notes, included or incorporated by reference in the accompanying prospectus. Unless the context otherwise requires, the terms Zions , we , us and our refer to Zions and Zions subsidiaries.

Zions Bancorporation

We are a multi-bank holding company organized under the laws of Utah in 1955 and registered as a bank holding company and a financial holding company under the Bank Holding Company Act of 1956. We are the 28th largest domestic bank holding company by deposits and own and operate six commercial banks with a total of 409 offices. We provide a full range of banking and related services through our banking and other subsidiaries, primarily in Utah, Arizona, California, Colorado, Idaho, Nevada and Washington. On June 30, 2003, we had total consolidated assets of approximately \$27.8 billion, consolidated loans (net of unearned income and fees) of approximately \$19.4 billion, total consolidated deposits of approximately \$20.6 billion and shareholders equity of approximately \$2.5 billion. Active full-time equivalent employees totaled 7,945 at June 30, 2003.

We focus on providing community-minded banking through the strength of our core business lines, including retail banking, small and medium-sized business lending, residential mortgage and investment activities. Our banks provide a wide variety of commercial and retail banking and mortgage-lending products and services. Commercial products and services include commercial loans, lease financing, cash management, lockbox, customized draft processing, and other special financial services for business and other commercial banking customers. Our wide range of personal banking services include bank card, student and other installment loans and 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.

Recent Developments

On August 28, 2003, we commenced tender offers for up to \$100 million of our Fixed/Floating Rate Subordinated Notes due October 15, 2011, or the October notes, and up to \$100 million of the Fixed/Floating Rate Guaranteed Notes due May 15, 2011 of Zions Financial Corp., our subsidiary, unconditionally guaranteed by us, or the May notes. The tender offers are scheduled to expire at 12:00 midnight on September 25, 2003, unless extended or earlier terminated. If we successfully complete the tender offers, we expect to purchase up to a total of \$200 million of our outstanding debt using the net proceeds from this offering. However, neither tender offer is conditioned upon the completion of this offering. See Use of Proceeds .

The Offering

Issuer	Zions Bancorporation.
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Securities Offered	
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\$500,000,000 aggregate principal amount of 6.00% Subordinated Notes due September 15, 2015.

Offering Price	99.804% of the principal amount, plus accrued interest, if any, from September 10, 2003.
Maturity Date	September 15, 2015.
Interest	We will pay interest on the notes semi-annually on March and September 15 of each year, commencing March 15, 2004, at a rate of 6.00% per year.

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Ranking	The notes will be our unsecured obligations subordinated in right of payment to all our senior indebtedness and effectively subordinated to all existing and future debt and all other liabilities of our subsidiaries and, upon the occurrence of certain events of insolvency, will be subordinated to the prior payment in full of our general obligations. As of June 30, 2003, the aggregate amount of our outstanding senior indebtedness and general obligations was approximately \$537 million and the aggregate amount of our outstanding subordinated debt, including debt issued by us to financing trust subsidiaries that have issued trust preferred securities and including our subordinated guarantee of a subsidiary's debt, was approximately \$876 million. In addition, as of that date, the aggregate amount of all debt and other liabilities of our subsidiaries, other than the trust preferred securities and guaranteed debt referred to above, was approximately \$23.9 billion.
Redemption	The notes are not redeemable prior to maturity.
Global Note; Book-Entry System	The notes will be issued only in fully registered form without interest coupons and in minimum denominations of \$1,000. The notes will be evidenced by a global note deposited with the trustee for the notes, as custodian for DTC. Beneficial interests in the global note will be shown on, and transfers of those beneficial interest can only be made through, records maintained by DTC and its participants. See Description of Notes Form, Denomination, Transfer, Exchange and Book-Entry Procedures .
Use of Proceeds	We will use the net cash proceeds from this offering for the repayment of outstanding indebtedness and other general corporate purposes. See Recent Developments and Use of Proceeds .
Listing	The notes will not be listed on any national securities exchange.

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The following selected consolidated financial data for the five-year period ended December 31, 2002 and the six-month periods ended June 30, 2003 and June 30, 2002 are derived from and qualified by reference to our consolidated financial statements. You should read this data in conjunction with the financial statements, related notes and other financial information incorporated by reference in the accompanying prospectus. See *Where You Can Find More Information* in the accompanying prospectus.

	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
	(unaudited)						
	(dollars in millions, except per share data)						
Consolidated Statement of Income Data:							
Interest income	\$ 1,032.8	\$ 1,359.3	\$ 1,626.2	\$ 1,591.9	\$ 1,455.9	\$ 733.7	\$ 702.9
Interest expense	458.9	617.8	822.8	642.1	420.8	218.4	162.7
Net interest income	573.9	741.5	803.4	949.8	1,035.1	515.3	540.2
Provision for loan losses	14.0	18.0	31.8	73.2	71.9	33.8	35.7
Net interest income after provision for loan losses	559.9	723.5	771.6	876.6	963.2	481.5	504.5
Noninterest income	210.5	266.8	192.6	412.2	376.8	195.4	197.1
Noninterest expense	557.0	681.8	721.3	836.1	858.9	420.9	430.4
Income from continuing operations before income taxes and minority interest	213.4	308.5	242.9	452.7	481.1	256.0	271.2
Income taxes	69.6	109.5	79.7	161.9	167.7	89.0	95.3
Minority interest	0.4	4.9	1.5	(7.8)	(3.7)	(0.7)	(3.9)
Income from continuing operations	143.4	194.1	161.7	298.6	317.1	167.7	179.8
Income (loss) on discontinued operations(1)				(8.4)	(28.4)	(6.0)	0.3
Income before cumulative effect of change in accounting principle	143.4	194.1	161.7	290.2	288.7	161.7	180.1
Cumulative effect of change in accounting principle, net of tax(2)				(7.2)	(32.4)	(32.4)	
Net income	\$ 143.4	\$ 194.1	\$ 161.7	\$ 283.0	\$ 256.3	\$ 129.3	\$ 180.1
Net income per common share (diluted):							
Income from continuing operations	\$ 1.75	\$ 2.26	\$ 1.86	\$ 3.24	\$ 3.44	\$ 1.81	\$ 1.98
Income (loss) on discontinued operations(1)				(0.09)	(0.31)	(0.06)	0.01
Cumulative effect of change in accounting principle (2)				(0.08)	(0.35)	(0.35)	
Net income	\$ 1.75	\$ 2.26	\$ 1.86	\$ 3.07	\$ 2.78	\$ 1.40	\$ 1.99
Weighted-average common and common-equivalent shares outstanding during the period (in thousands)	81,918	85,695	87,120	92,174	92,079	92,658	90,607

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	Year Ended December 31,					Six Months Ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
	(unaudited)						
	(dollars in millions, except per share data)						
Consolidated Balance Sheet Data (at period end):							
Total assets	\$ 18,050	\$ 20,281	\$ 21,939	\$ 24,304	\$ 26,566	\$ 25,734	\$ 27,806
Loans and leases(3)	11,219	12,791	14,378	17,311	19,040	18,453	19,440
Deposits	14,221	14,062	15,070	17,842	20,132	18,788	20,625
Long-term borrowings	511	566	563	1,022	1,310	1,004	1,372
Shareholders equity	1,453	1,660	1,779	2,281	2,374	2,337	2,479
Other Data:							
Return on average assets	1.00%	0.97%	0.74%	1.19%	0.97%	1.01%	1.31%
Return on average common equity	10.98%	12.42%	9.65%	13.28%	10.95%	11.37%	14.94%
Efficiency ratio	70.11%	66.55%	64.92%	61.60%	63.40%	60.00%	57.53%
Net interest margin	4.56%	4.31%	4.27%	4.64%	4.56%	4.65%	4.52%
Nonperforming assets to net loans and leases, other real estate owned and other nonperforming assets	0.58%	0.58%	0.49%	0.69%	0.61%	0.63%	0.61%
Ratio of allowance for loan losses to nonperforming loans	354.94%	310.87%	320.69%	236.65%	332.37%	260.01%	277.69%
Ratio of allowance for loan losses to net loans and leases	1.89%	1.60%	1.36%	1.50%	1.47%	1.43%	1.45%
Tier 1 leverage ratio	5.91%	6.16%	6.38%	6.56%	7.56%	6.48%	7.59%
Tier 1 risk-based capital ratio	8.40%	8.64%	8.53%	8.25%	9.26%	8.05%	9.14%
Total risk-based capital ratio	11.34%	11.29%	10.83%	12.20%	12.94%	11.86%	12.19%
Commercial banking offices	345	362	373	412	415	409	409

- (1) Discontinued operations represent the losses from operations and impairment losses for certain e-commerce subsidiaries that met the held-for-sale and discontinued operations criteria of Statement of Financial Accounting Standards, or SFAS, No. 144.
- (2) For the year ended December 31, 2001, the cumulative effect adjustment relates to the adoption of SFAS No. 133, net of income tax benefit of \$4.5 million. For the six-months ended June 30, 2002 and the year ended December 31, 2002, the cumulative effect adjustment relates to the impairment in carrying value of investments in certain e-commerce subsidiaries, net of income tax benefit of \$2.7 million, measured as of January 1, 2002 and associated with the adoption of SFAS No. 142.
- (3) Net of unearned income and fees, net of related costs.

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USE OF PROCEEDS

The cash proceeds to us from the sale of the notes will be approximately \$495.5 million (after deducting discounts and commissions and estimated offering expenses). We will use the net cash proceeds from this offering for the repayment of outstanding indebtedness, including possibly commercial paper, and other general corporate purposes.

As described under Prospectus Supplement Summary Recent Developments, we intend to use the net proceeds from this offering to repay up to a total of \$200 million of our outstanding indebtedness purchased in the tender offers. However, neither tender offer is conditioned upon the completion of this offering. The October notes currently bear interest at 6.50% per year and the May notes currently bear interest at 6.95% per year. The October notes mature on October 15, 2011 and the May notes mature on May 15, 2011, but we may redeem the October notes and the May notes at par beginning on October 15, 2006 and May 15, 2006, respectively. Pending use of the net proceeds of this offering, we intend to invest the net proceeds in interest-bearing, investment grade securities.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2003:

on an actual basis, and

as adjusted to give effect to the sale of the notes in this offering.

You should read this table in conjunction with the more detailed information, including our consolidated financial statements and related notes, incorporated by reference in the accompanying prospectus.

	As of June 30, 2003	
	Actual	As Adjusted
	(unaudited) (in thousands,	
	except share data)	
Federal Home Loan Bank advances and other borrowings over one year	\$ 235,768	\$ 235,768
Long-term debt:		
6.00% Subordinated Notes due September 15, 2015		500,000
Other long-term debt(1)		