

ZIONS BANCORPORATION /UT/
Form 424B5
August 14, 2002

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Subject to Completion. Dated August 13, 2002.

Prospectus Supplement to Prospectus dated August 9, 2002.

6,000,000 Capital Securities

ZIONS CAPITAL TRUST B

% Capital Securities

(Liquidation amount \$25 per capital security)

As fully and unconditionally guaranteed to the extent described herein by

ZIONS BANCORPORATION

Each of the % Capital Securities, which we refer to in this prospectus supplement as "capital securities", represents an undivided beneficial ownership interest in the assets of Zions Capital Trust B. Zions Bancorporation will be the owner of all of the undivided beneficial ownership interests represented by common securities of Zions Capital Trust B.

A brief description of the capital securities can be found under "Prospectus Supplement Summary The Offering" in this prospectus supplement.

We have applied to list the capital securities on the New York Stock Exchange. We expect trading of the capital securities on the New York Stock Exchange will begin within 30 days after they are first issued.

See "Risk Factors" beginning on page S-11 of this prospectus supplement to read about certain factors you should consider before buying the capital securities.

These capital securities will not be savings accounts, deposits or other obligations of any bank or non-bank subsidiary of ours and are not insured by the Federal Deposit Insurance Corporation or any other governmental 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. Any representation to the contrary is a criminal offense.

	Per Capital Security	Total
Initial public offering price(1)	\$ 25	\$ 150,000,000
Underwriting commission	(2)	(2)
Proceeds, before expenses, to Zions Bancorporation	\$	\$

- (1) Plus accumulated distributions, if any, from the date of original issuance.
- (2) An underwriting commission of \$ _____ per capital security (or \$ _____ in the aggregate) will be paid by Zions Bancorporation.

Zions Capital Trust B has granted the underwriters a 30-day option to purchase up to 900,000 additional capital securities on the same terms and conditions set forth above solely to cover over-allotments, if any.

The underwriters expect to deliver the capital securities in book-entry form only through the facilities of The Depository Trust Company on or about August 1, 2002.

Joint Book-Running Managers

Goldman, Sachs & Co.

Merrill Lynch & Co.

A. G. Edwards & Sons, Inc.

Prudential Securities

Salomon Smith Barney

UBS Warburg LLC

Prospectus Supplement dated August 1, 2002.

PROSPECTUS SUPPLEMENT SUMMARY

The following information should be read together with the information contained in other parts of this prospectus supplement and in the accompanying prospectus. It may not contain all the information that is important to you. You should carefully read this entire prospectus supplement and the accompanying prospectus to understand fully the terms of the capital securities and the related guarantees and junior subordinated debentures, as well as the tax and other considerations that are important to you in making a decision about whether to invest in the capital securities. You should pay special attention to the "Risk Factors" section of this prospectus supplement to determine whether an investment in the capital securities is appropriate for you. This prospectus supplement may add to, update or change information in the accompanying prospectus. If the information in this prospectus supplement is inconsistent with the accompanying prospectus, the information in this prospectus supplement will apply and supersede that information in the accompanying prospectus. In this prospectus supplement, references to the "Trust" mean Zions Capital Trust B and references to "Zions", "we", "us" or "our" or similar references mean Zions Bancorporation and its subsidiaries, unless otherwise mentioned or the context otherwise requires.

Zions Bancorporation

Zions, headquartered in Salt Lake City, Utah, is the largest financial holding company headquartered in the Rocky Mountain region. Zions has grown rapidly over the last seven years through continued penetration of existing markets and through the acquisition of profitable community banks in high economic growth markets. As of June 30, 2002, we had total assets of \$25.7 billion, total deposits of \$18.8 billion and total shareholders' equity of \$2.3 billion. Through our banking subsidiaries, we operated 409 branches in the states of Arizona, California, Colorado, Idaho, Nevada, New Mexico, Utah and Washington as of June 30, 2002.

Zions Capital Trust B

Zions Capital Trust B is a statutory business trust recently formed under Delaware law by the trustees and us. Zions Capital Trust B is being established solely for the purposes of:

issuing and selling its trust securities;

using the proceeds from the sale of these trust securities to acquire junior subordinated debentures from us; and

engaging in only those other activities necessary or incidental to these purposes, which would include, for example, registering the transfer of the trust securities.

Because Zions Capital Trust B is being established only for the purposes listed above, the junior subordinated debentures will be Zions Capital Trust B's sole assets. Payments on the junior subordinated debentures will be Zions Capital Trust B's sole source of income. Zions Capital Trust B will issue only one series of capital securities.

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The Offering

Title Securities Offered	Zions Capital Trust B % Capital Securities. Zions Capital Trust B % Capital Securities, which we refer to as capital securities in this prospectus supplement, in denominations of \$25 each with an aggregate liquidation amount of \$150,000,000. Each capital security will represent an undivided beneficial ownership interest in the assets of Zions Capital Trust B. Each capital security will entitle its holder to receive quarterly cash distributions as described below.
Zions Capital Trust B	The issuer of the capital securities is Zions Capital Trust B, a Delaware business trust. We created it for the sole purpose of issuing the capital securities and common securities and engaging in the other transactions described below. Zions Capital Trust B has five trustees. There are three administrative trustees, each of whom is an officer of Zions Bancorporation. J.P. Morgan Trust Company, National Association will act as the property trustee and Chase Manhattan Bank USA, National Association will act as the Delaware trustee of Zions Capital Trust B.
	Zions Capital Trust B will hold the junior subordinated debentures that it purchases from us with the proceeds from the issuance of capital securities and common securities. We will sell the capital securities to the public and retain the common securities that we receive from Zions Capital Trust B. We will pay interest on the junior subordinated debentures at the same rate and at the same times as Zions Capital Trust B makes payments on the capital securities. Zions Capital Trust B will use the payments it receives on the junior subordinated debentures to make the corresponding payments on the capital securities. We will guarantee payments made on the capital securities to the extent described below. Both the junior subordinated debentures and the guarantee will be subordinated to our existing and future senior indebtedness, as that term is defined in the accompanying prospectus, and will effectively be subordinated to existing and future creditors of our subsidiaries.
Distributions	If you purchase the capital securities, as an undivided beneficial owner in the junior subordinated debentures, you will be entitled to receive cumulative cash distributions at an annual rate of % . Interest on the junior subordinated

debentures will accrue, and as a result distributions on the capital securities will accumulate, from the date of issuance, and will be paid quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, beginning December 1, 2002, unless they are deferred as described below.

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Distribution Deferral

We can, on one or more occasions, defer the quarterly interest payments on the junior subordinated debentures for up to 20 consecutive quarterly periods. In other words, we may declare at our discretion up to a five-year interest payment moratorium on the junior subordinated debentures and may choose to do that on more than one occasion. A deferral of interest payments cannot extend, however, beyond the maturity date of the junior subordinated debentures, nor can we begin a new interest deferral period until we have paid all accrued interest on the junior subordinated debentures from the previous interest deferral period.

If we defer interest payments on the junior subordinated debentures, Zions Capital Trust B will also defer distributions on the capital securities. Any deferred interest on the junior subordinated debentures will accrue additional interest at an annual rate of % , and, as a result, any deferred distributions will accumulate additional amounts at an annual rate of % , compounded quarterly. Once we pay all deferred interest payments on the junior subordinated debentures, with accrued interest, we can again defer interest payments on the junior subordinated debentures as described above, but not beyond the maturity date of the junior subordinated debentures.

During any period in which we defer interest payments on the junior subordinated debentures, we will be subject to restrictions on specified activities. See "Junior Subordinated Debentures Option to Defer Interest Payments" in the accompanying prospectus for a description of those restrictions.

If we defer payments of interest on the junior subordinated debentures, the capital securities will be treated at that time as being issued with original issue discount for United States federal income tax purposes. This means you would be required to include accrued interest income in an amount equal to the deferred distributions on your capital securities even though you will not be receiving any cash distributions on your capital securities. These amounts will be included in your gross income for United States federal income tax purposes. See "United States Federal Income Tax Considerations" beginning on page S-25 in this prospectus supplement for a more complete description.

Redemption

Zions Capital Trust B will redeem all of the outstanding capital securities when the junior subordinated debentures are repaid at maturity. The junior subordinated debentures are scheduled to mature on September 1, 2032.

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In addition, if we redeem any junior subordinated debentures before their maturity, Zions Capital Trust B will use the cash it receives on the redemption of the junior subordinated debentures to redeem, on a proportionate basis, the capital securities and the common securities. We can redeem the junior subordinated debentures before their maturity at 100% of their principal

	<p>amount plus accrued and unpaid interest in whole or in part on one or more occasions any time on or after August , 2007, or in whole at any time following the occurrence of certain changes in tax laws and regulations or in the treatment of the capital securities for bank regulatory purposes. These circumstances are more fully described below under the caption "Certain Terms of the Capital Securities Redemption or Exchange" on page S-21 in this prospectus supplement.</p>
	<p>We will not redeem the junior subordinated debentures unless we obtain the prior approval of the Board of Governors of the Federal Reserve System to do so, if then required under the Federal Reserve Board's capital guidelines or policies.</p>
<p>Liquidation Amount</p>	<p>If your capital securities are redeemed by Zions Capital Trust B, you will receive the liquidation amount of \$25 per capital security plus any accrued and unpaid distributions to the date of redemption, subject to the rights of any creditors of Zions Capital Trust B.</p>
<p>Dissolution of Zions Capital Trust B and Distribution of the Junior Subordinated Debentures</p>	<p>We can dissolve Zions Capital Trust B at any time, subject to obtaining the prior approval of the Federal Reserve Board to do so, if then required under the Federal Reserve Board's capital guidelines or policies.</p>
	<p>If we dissolve Zions Capital Trust B, or if Zions Capital Trust B dissolves because of certain other specified events, such as our bankruptcy, Zions Capital Trust B will, subject to the rights of any creditors of Zions Capital Trust B, distribute the junior subordinated debentures to holders of the capital securities and the common securities on a proportionate basis, except in certain circumstances described in more detail in "Capital Securities and Related Instruments Liquidation Distribution Upon Dissolution" in the accompanying prospectus. If the junior subordinated debentures are distributed, we will use our commercially reasonable efforts to list the junior subordinated debentures on the New York Stock Exchange or any other exchange on which the capital securities are then listed.</p>
<p>The Guarantee</p>	<p>We will fully and unconditionally guarantee the payments of all amounts due on the capital securities to the extent Zions Capital Trust B has funds available for payment of such distributions.</p>

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	<p>We have entered into an expense agreement with Zions Capital Trust B that obligates us to pay most of the expenses and obligations of Zions Capital Trust B, other than Zions Capital Trust B's obligations to make payments on the capital securities and common securities, which are covered only by the guarantee.</p> <p>The guarantee does not cover payments when Zions Capital Trust B does not have sufficient funds to make payments on the capital securities. In other words, if we do not make a payment on the junior subordinated debentures, Zions Capital Trust B will not have sufficient funds to make payments on the capital securities, and the guarantee will not obligate us to make those payments on Zions Capital Trust B's behalf. In addition, our obligations under the guarantee are subordinate to our obligations to other creditors to the same extent as the junior subordinated debentures. For more information, see the section entitled "Guarantees" in the accompanying prospectus.</p>
<p>Use of Proceeds</p>	<p>The Trust will invest all of the net proceeds from the sale of its trust securities in the junior subordinated debentures. We intend to use the net proceeds of the offering, which we estimate to be \$144.6 million after deducting estimated underwriters' commission and expenses, or \$166.3 million if</p>

the underwriters exercise their over-allotment option in full, to repay senior debt of ours that matures on October 15, 2002, purchase from Zions First National Bank, one of our subsidiaries, bonds currently held by Zions First National Bank, and reduce outstanding commercial paper. Pending such use, we may temporarily invest net proceeds.

Listing of the Capital Securities

We have applied to list the capital securities on the New York Stock Exchange. We expect trading of the capital securities on the New York Stock Exchange will begin within 30 days after they are first issued. You should be aware that the listing of the capital securities will not necessarily ensure that an active trading market will be available for the capital securities or that you will be able to sell your capital securities at the price you originally paid for them.

Form of the Capital Securities

The capital securities will be represented by one or more global securities that will be deposited with and registered in the name of The Depository Trust Company, New York, New York, or its nominee. This means that you will not receive a certificate for your capital securities and the capital securities will not be registered in your name. For more details, see the information under the caption "Legal Ownership and Book-Entry Issuance" in the accompanying prospectus.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data for the five-year period ended December 31, 2001 and the six-month periods ended June 30, 2002 and June 30, 2001 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 included or incorporated by reference in the accompanying prospectus. See "Where you can find more information" in the accompanying prospectus. Income for prior periods and all related ratios have been adjusted for the add back of goodwill amortization under Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*.

	Year Ended December 31,					Six Months Ended June 30,	
	1997	1998	1999	2000	2001	2001	2002
(dollars in millions, except per share data)							
Consolidated Statement of Income Data:							
Interest income	\$ 717.0	\$ 1,032.8	\$ 1,359.3	\$ 1,626.2	\$ 1,592.0	\$ 814.3	\$ 733.7
Interest expense	347.4	458.9	617.8	822.8	642.2	363.4	218.4
Net interest income	369.6	573.9	741.5	803.4	949.8	450.9	515.3
Provision for loan losses	5.9	14.0	18.0	31.8	73.2	25.0	33.8
Net interest income after provision for loan losses	363.7	559.9	723.5	771.6	876.6	425.9	481.5
Noninterest income	148.5	210.5	266.8	192.6	419.4	205.9	199.8
Noninterest expense	313.1	557.0	681.8	721.3	855.8	409.6	435.3
Income before income taxes	199.1	213.4	308.5	242.9	440.2	222.2	246.0
Income taxes	67.7	69.6	109.5	79.7	157.8	80.1	85.0
Income before minority interest and cumulative effect of change in accounting principle	131.4	143.8	199.0	163.2	282.4	142.1	161.0
Minority Interest		0.4	4.9	1.5	(7.8)	(3.4)	(.7)
Income before cumulative effect of change in accounting principle	131.4	143.4	194.1	161.7	290.2	145.5	161.7
Cumulative effect of change in accounting principle(1)					(7.2)	(7.2)	(32.4)
Net income	\$ 131.4	\$ 143.4	\$ 194.1	\$ 161.7	\$ 283.0	\$ 138.3	\$ 129.3
Income before cumulative effect, as adjusted(2)	136.6	163.3	218.5	187.7	323.3	161.2	161.7
Net income, as adjusted(2)	136.6	163.3	218.5	187.7	316.1	154.1	129.3

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	Year Ended December 31,					Six Months Ended June 30,	
Operating cash earnings(3)	138.5	194.5	243.0	281.7	337.7	166.6	168.2
Income before cumulative effect per common share (diluted)	\$ 1.92	\$ 1.75	\$ 2.26	\$ 1.86	\$ 3.15	\$ 1.59	\$ 1.75
Net income per common share (diluted)	1.92	1.75	2.26	1.86	3.07	1.51	1.40
Income before cumulative effect per common share (diluted), as adjusted(2)	2.00	1.99	2.55	2.15	3.51	1.77	1.75
Net income per common share (diluted), as adjusted(2)	2.00	1.99	2.55	2.15	3.43	1.69	1.40
Operating cash earnings per common share (diluted)(3)	2.03	2.37	2.84	3.23	3.66	1.82	1.82
Weighted-average common and common-equivalent shares outstanding during the period (in thousands)	68,258	81,918	85,695	87,120	92,174	91,339	92,658
Consolidated Balance Sheet Data (at period end):							
Loans(4)	\$ 5,463	\$ 11,219	\$ 12,791	\$ 14,378	\$ 17,311	\$ 16,476	\$ 18,453
Total assets	10,794	18,050	20,281	21,939	24,304	23,488	25,735
Deposits	7,830	14,221	14,062	15,070	17,842	17,170	18,788
Total shareholders' equity	857	1,453	1,660	1,779	2,281	2,198	2,337

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Other Data:

Return on average assets(2)	1.41%	1.13%	1.10%	0.86%	1.33%	1.36%	1.01%
Operating cash return on average assets(3)	1.45	1.41	1.26	1.34	1.47	1.51	1.35
Return on average common equity(2)	20.18	12.51	13.98	11.20	14.83	15.37	11.37
Operating cash return on average common equity(3)	25.42	26.58	26.79	27.43	25.44	25.82	23.34
Efficiency ratio(2)	58.34	67.58	64.16	62.57	59.16	59.02	60.00
Operating cash efficiency ratio(3)	57.81	61.30	60.31	57.44	57.40	57.66	58.66
Net interest margin	4.29	4.56	4.31	4.27	4.64	4.62	4.65
Nonperforming assets to net loans and leases, other real estate owned and other nonperforming assets	0.31	0.58	0.58	0.49	0.69	0.53	0.63
Allowance for loan losses to nonperforming loans	655.59	354.94	310.87	320.69	236.65	300.18	260.01
Allowance for loan losses to net loans and leases	1.62	1.89	1.60	1.36	1.50	1.40	1.43
Tier 1 leverage	6.92	5.91	6.16	6.38	6.56	6.69	6.48
Tier 1 risk-based capital	11.96	8.40	8.64	8.53	8.25	8.35	8.05
Total risk-based capital	13.85	11.34	11.29	10.83	12.20	11.63	11.86
Total branches	241	345	362	373	412	413	409

(1) For the six months ended June 30, 2001 and 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, the cumulative effect adjustment relates to impairment in carrying value of our investments in certain e-commerce subsidiaries, measured as of January 1, 2002, net of income tax benefit of \$2.7 million, associated with the adoption of SFAS No. 142.

(2) Adjusted according to SFAS No. 142 for the add back of goodwill amortization, net of income tax benefit.

(3)

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Before amortization of goodwill and core deposit intangible assets and merger expenses, the impairment loss on First Security Corporation common stock and the cumulative effect of adoption of SFAS No. 133 and SFAS No. 142.

(4)

Net of unearned income and fees, net of related costs.

SFAS No. 142 became effective for us beginning January 1, 2002. Under this statement, goodwill and intangible assets deemed to have indefinite lives are no longer amortized, but are subject to specified annual impairment tests. Other intangible assets are amortized over their useful lives. The following table presents transitional disclosures required by SFAS No. 142. The purpose of these transitional disclosures is to reconcile prior period amounts of income before cumulative effect and net income to their respective adjusted amounts for the add back of goodwill amortization.

Earnings

	Year Ended December 31,					Six Months Ended June 30,	
	1997	1998	1999	2000	2001	2001	2002
	(dollars in millions, except per share data)						
Income before cumulative effect of change in accounting principle	\$ 131.4	\$ 143.4	\$ 194.1	\$ 161.7	\$ 290.2	\$ 145.5	\$ 161.7
Addback of goodwill amortization, net of income tax benefit	5.2	19.9	24.4	26.0	33.1	15.7	
Income before cumulative effect, as adjusted	\$ 136.6	\$ 163.3	\$ 218.5	\$ 187.7	\$ 323.3	\$ 161.2	\$ 161.7
Net income	\$ 131.4	\$ 143.4	\$ 194.1	\$ 161.7	\$ 283.0	\$ 138.3	\$ 129.3
Add back of goodwill amortization, net of income tax benefit	5.2	19.9	24.4	26.0	33.1	15.8	
Net income, as adjusted	\$ 136.6	\$ 163.3	\$ 218.5	\$ 187.7	\$ 316.1	\$ 154.1	\$ 129.3

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Earnings Per Share (Diluted)

	Year Ended December 31,					Six Months Ended June 30,	
	1997	1998	1999	2000	2001	2001	2002
	(dollars in millions, except per share data)						
Income before cumulative effect of change in accounting principle	\$ 1.92	\$ 1.75	\$ 2.26	\$ 1.86	\$ 3.15	\$ 1.59	\$ 1.75
Addback of goodwill amortization, net of income tax benefit	0.08	0.24	0.29	0.29	0.36	0.18	
Income before cumulative effect, as adjusted	\$ 2.00	\$ 1.99	\$ 2.55	\$ 2.15	\$ 3.51	\$ 1.77	\$ 1.75
Net income	\$ 1.92	\$ 1.75	\$ 2.26	\$ 1.86	\$ 3.07	\$ 1.51	\$ 1.40
Add back of goodwill amortization, net of income tax benefit	0.08	0.24	0.29	0.29	0.36	0.18	

	Year Ended December 31,					Six Months Ended June 30,								
Net income, as adjusted	\$	2.00	\$	1.99	\$	2.55	\$	2.15	\$	3.43	\$	1.69	\$	1.40

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RISK FACTORS

An investment in the capital securities involves a number of risks. Before purchasing any capital securities, you should read carefully this prospectus supplement and the accompanying prospectus and pay special attention to the following risk factors.

Because Zions Capital Trust B will rely on the payments it receives on the junior subordinated debentures to fund all payments on the capital securities, and because Zions Capital Trust B may distribute the junior subordinated debentures in exchange for the capital securities, you are making an investment regarding the junior subordinated debentures as well as the capital securities. You should carefully review the information in this prospectus supplement and the accompanying prospectus about the capital securities, the guarantee and the junior subordinated debentures.

Holders of our senior indebtedness will get paid before the Trust or other holders of our junior subordinated debentures will get paid under those junior subordinated debentures and before you will get paid under the guarantee

Our obligations under the junior subordinated debentures and under the guarantee will be junior in right of payment to all of our existing and future senior indebtedness. The term "senior indebtedness" for purposes of the junior subordinated debentures and the guarantees is defined in the accompanying prospectus on page 34. This means that we cannot make any payments on the junior subordinated debentures or the guarantee if we are in default on any of our senior indebtedness. Therefore, in the event of our bankruptcy, liquidation or dissolution, our assets must be used to pay off our senior obligations in full before any payments may be made on the junior subordinated debentures or the guarantee.

As of June 30, 2002, we had outstanding senior indebtedness of approximately \$705.9 million. The indenture pursuant to which the junior subordinated debentures will be issued, the guarantee and the amended and restated trust agreement which created Zions Capital Trust B do not limit our ability to incur additional senior indebtedness.

For more information, see below under the captions "Certain Terms of the Junior Subordinated Debentures Ranking" on page S-23 in this prospectus supplement and "Capital Securities and Related Instruments Status of the Guarantees" in the accompanying prospectus.

If we do not make payments on the junior subordinated debentures, Zions Capital Trust B will not be able to pay distributions and other payments on the capital securities and the guarantee will not apply

Zions Capital Trust B's ability to make timely distribution and redemption payments on the capital securities is completely dependent upon our making timely payments on the junior subordinated debentures. If we default on the junior subordinated debentures, Zions Capital Trust B will lack funds for the payments on the capital securities. If this happens, holders of capital securities will not be able to rely upon the guarantee for payment of such amounts because the guarantee only guarantees that we will make distribution and redemption payments on the capital securities if Zions Capital Trust B has the funds to do so itself but does not. Instead, you or the property trustee will have to bring a legal action against us to enforce the property trustee's right under the indenture relating to the junior subordinated debentures.

For more information, see the section entitled "Capital Securities and Related Instruments Events of Default; Notice" in the accompanying prospectus.

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Distributions on the capital securities could be deferred; you may have to include interest in your taxable income before you receive cash

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As long as the junior subordinated debentures are not in default, we can, on one or more occasions, defer interest payments on the junior subordinated debentures for up to 20 consecutive quarterly periods, but not beyond the maturity date of the junior subordinated debentures. Because interest payments on the junior subordinated debentures fund the distributions on the capital securities, each such deferral would result in a corresponding deferral of distributions on the capital securities.

We have no current intention to defer interest payments on the junior subordinated debentures. However, if we do so in the future, the capital securities may trade at a price that does not reflect fully the value of the accumulated but unpaid distributions. Even if we do not do so, our right to defer interest payments on the junior subordinated debentures could mean that the market price for the capital securities may be more volatile than that of other securities without interest deferral rights.

If we defer interest payments on the junior subordinated debentures, you will be required to accrue interest income for United States federal income tax purposes in respect of your proportionate share of the accrued but unpaid interest on the junior subordinated debentures held by Zions Capital Trust B, even if you normally report income when received. As a result, you will be required to include the accrued interest in your gross income for United States federal income tax purposes prior to your receiving any cash attributable to that income. If you sell your capital securities prior to the record date for the first distribution after a deferral period, you will never receive the cash from us related to the accrued interest that you reported for tax purposes. **You should consult with your own tax advisor regarding the tax consequences of an investment in the capital securities.**

For more information regarding the tax consequences of purchasing the capital securities, see below under the caption "United States Federal Income Tax Considerations Interest Income and Original Issue Discount" and " Sale or Redemption of Capital Securities" in this prospectus supplement.

The capital securities may be redeemed prior to maturity; you may be taxed on the proceeds and you may not be able to reinvest the proceeds at the same or a higher rate of return

The junior subordinated debentures and, therefore, the capital securities may be redeemed in whole or in part on one or more occasions any time on or after August , 2007 or in whole upon the occurrence of certain special events relating to changes in tax law or the treatment of the capital securities for bank regulatory capital purposes, subject to receipt of any necessary Federal Reserve Board approval. The redemption price for the junior subordinated debentures would be equal to 100% of the principal amount plus accrued and unpaid interest. If such a redemption happens, Zions Capital Trust B must use the redemption price it receives to redeem on a proportionate basis capital securities and common securities having an aggregate liquidation amount equal to the aggregate principal amount of the junior subordinated debentures redeemed.

The redemption of the capital securities would be a taxable event to you for United States federal income tax purposes.

In addition, you may not be able to reinvest the money that you receive in the redemption at a rate that is equal to or higher than the rate of return on the capital securities.

See "Certain Terms of the Junior Subordinated Debentures Redemption" and "Certain Terms of the Capital Securities Redemption or Exchange" and " Redemption or Exchange Optional

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Dissolution of Zions Capital Trust B and Distribution of Junior Subordinated Debentures" in this prospectus supplement for more information on redemption of the junior subordinated debentures.

The trust may distribute the junior subordinated debentures to the holders of the capital securities and the junior subordinated debentures may trade at a price that is lower than the price you paid for the capital securities

If we dissolve Zions Capital Trust B before the stated maturity of the junior subordinated debentures, the property trustee may distribute the junior subordinated debentures to the holders of the capital securities and the common securities in liquidation of Zions Capital Trust B after satisfaction of liabilities to creditors.

No one can accurately predict the market prices for the junior subordinated debentures that may be distributed. Accordingly, the junior subordinated debentures that you receive upon a distribution, or the capital securities you hold pending the distribution, may trade at a lower price than what you paid to purchase the capital securities.

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Although we have agreed to use our commercially reasonable efforts to list the junior subordinated debentures on the New York Stock Exchange or any other exchange on which the capital securities are then listed, we cannot assure you that the New York Stock Exchange will approve the junior subordinated debentures for listing or that a trading market will exist for the junior subordinated debentures.

Under current United States federal income tax law, the distribution of junior subordinated debentures upon the termination of Zions Capital Trust B would generally not be taxable to you. If, however, Zions Capital Trust B is characterized for United States federal income tax purposes as an association taxable as a corporation at the time of the liquidation, the distribution of the junior subordinated debentures would be taxable to you.

See "Certain Terms of the Capital Securities Redemption or Exchange Optional Dissolution of Zions Capital Trust B and Distribution of Junior Subordinated Debentures" in this prospectus supplement for more information.

Federal banking authorities may restrict the ability of Zions Capital Trust B to make distributions on or redeem the capital securities

Federal banking authorities will have the right to examine Zions Capital Trust B and its activities because Zions Capital Trust B is our subsidiary. Under certain circumstances, including any determination that our relationship to Zions Capital Trust B would result in an unsafe and unsound banking practice, these banking authorities have the authority to issue orders which could restrict the ability of Zions Capital Trust B to make distributions on or to redeem the capital securities.

An active trading market for the capital securities may not develop

We have applied to list the capital securities on the New York Stock Exchange. We expect trading of the capital securities on the New York Stock Exchange will begin within 30 days after they are first issued. You should be aware that the listing of the capital securities will not necessarily ensure that an active trading market will be available for the capital securities or, if a trading market for the capital securities does develop, the depth of that market or the ability of holders to sell their capital securities easily, nor does it ensure that you will be able to sell your capital securities at the price you originally paid for them.

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We generally will control Zions Capital Trust B because your voting rights are very limited

You will only have limited voting rights. In particular, you may not elect and remove any trustees, except when there is a default under the junior subordinated debentures. If such a default occurs, a majority in liquidation amount of the holders of the capital securities would be entitled to remove or appoint the property trustee and the Delaware trustee.

For more information, see below under the caption "Zions Capital Trust B" in this prospectus supplement.

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. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those discussed in the statements. You should carefully consider th