

ZIONS BANCORPORATION /UT/
Form 424B5
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Prospectus Supplement to Prospectus dated August 9, 2002.

\$340,000,000

ZIONS BANCORPORATION

Senior Medium-Term Notes, Series A

Subordinated Medium-Term Notes, Series B

TERMS OF SALE

The following terms may apply to the notes that Zions Bancorporation may sell from time to time:

stated maturity of 12 months or longer

fixed or floating interest rate, zero-coupon or issued with original issue discount; a floating interest rate may be based on:

commercial paper rate;

prime rate;

LIBOR;

EURIBOR;

treasury rate;

CMT rate;

CD rate;

federal funds rate; and/or

11th district cost of funds rate

amount of principal or interest may be determined by reference to an index or formula

may be book-entry form only

may be subject to redemption at the option of Zions Bancorporation or repayment at the option of the holder

not amortized or subject to a sinking fund

interest on fixed rate notes paid semi-annually

interest on floating rate notes paid monthly, quarterly, semi-annually or annually

denominations of \$1,000 and multiples of \$1,000

settlement in immediately available funds

The final terms of each note will be included in a pricing supplement. Zions Bancorporation will receive between \$338,300,000 and \$339,660,000 of the proceeds from the sale of the notes, after paying the agents' commissions of between \$340,000 and \$1,700,000.

Zions Bancorporation does not plan to list the notes for trading on a securities exchange.

These notes 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.

Zions Bancorporation may sell the notes directly or through one or more agents or dealers, including the agent listed below. The agents are not required to sell any particular amount of the notes.

Zions Bancorporation may use this prospectus in the initial sale of any note. In addition, Zions Investment Securities, Inc. or any other affiliate of Zions Bancorporation may use this prospectus in a market-making transaction in any note after its initial sale. *Unless Zions Bancorporation or its agent informs the purchaser otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.*

ZIONS INVESTMENT SECURITIES, INC.

Prospectus Supplement dated September 10, 2002.

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

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	Year Ended December 31,				Six Months Ended June 30,		
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
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

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**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
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	0.31	0.58	0.58	0.49	0.69	0.53	0.63

nonperforming assets							
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) 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.

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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

	Year Ended December 31,					Six Months Ended June 30,	
	1997	1998	1999	2000	2001	2001	2002
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

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	
Net income, as adjusted	\$ 2.00	\$ 1.99	\$ 2.55	\$ 2.15	\$ 3.43	\$ 1.69	\$ 1.40

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DESCRIPTION OF NOTES WE MAY OFFER

Please note that in this section entitled "Description of Notes We May Offer", references to "Zions Bancorporation", "we", "our" and "us" refer only to Zions Bancorporation and not to its consolidated subsidiaries. Also, in this section, references to "holders" mean those who own notes registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes registered in street name or in notes issued in book-entry form through The Depository Trust Company or another depository. Owners of beneficial interests in the notes should read the section entitled "Legal Ownership and Book-Entry Issuance" in the accompanying prospectus.

Information About Our Medium-Term Note Program

Each of the senior medium-term notes, Series A and the subordinated medium-term notes, Series B constitutes a separate series of our debt securities issued under the senior debt indenture and the subordinated debt indenture, respectively. We summarize various terms that apply generally to our debt securities, including the notes, in the accompanying prospectus under the caption "Description of Debt Securities We May Offer". The following description of the notes supplements that description of the debt securities. Consequently, you should read this prospectus supplement together with the accompanying prospectus in order to understand the terms of the notes. However, if this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement controls with regard to the notes.

This section summarizes the material terms that will apply generally to the senior notes as a series or the subordinated notes as a series. Each particular note will have financial and other terms specific to it, and the specific terms of each note will be described in a pricing supplement attached to the front of this prospectus. Those terms may vary from the terms described here.

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As you read this section, please remember that the specific terms of your note as described in your pricing supplement will supplement and, if applicable, may modify or replace the general terms described in this section and in the accompanying prospectus. If your pricing supplement is inconsistent with this prospectus supplement or the accompanying prospectus, your pricing supplement will control with regard to your note. Thus, the statements we make in this section or in the accompanying prospectus may not apply to your note.

When we refer to your pricing supplement, we mean the pricing supplement describing the specific terms of the note you purchase. Unless we say otherwise below, the terms we use in this prospectus supplement that we also use in the accompanying prospectus have the meanings we give them in that document. Similarly, the terms we use in any pricing supplement that we also use in this document will have the meanings we give them in this document, unless we say otherwise in the pricing supplement.

The Notes Will Be Issued Under Either the Senior Debt Indenture or the Subordinated Debt Indenture

The notes will be governed by one of two documents, the senior debt indenture in the case of the senior notes, and the subordinated debt indenture in the case of the subordinated notes. Each of the senior debt indenture and the subordinated debt indenture is a contract between us and J. P. Morgan Trust Company, National Association, which acts as trustee. The trustee has two main roles:

First, the trustee can enforce your rights against us if we default. There are limitations on the extent to which the trustee acts on your behalf, which we describe under "Description of Debt Securities We May Offer Events of Default and Defaults" in the accompanying prospectus; and

Second, the trustee performs administrative duties for us, such as sending you interest payments when there is no separate paying agent and sending you notices.

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We May Issue Other Series of Debt Securities

The senior debt indenture and the subordinated debt indenture permit us to issue different series of debt securities from time to time. Each of the senior Series A medium-term notes and the subordinated Series B medium-term notes will be a single, distinct series of debt securities. We may, however, issue notes in such amounts, at such times and on such terms as we wish. The notes will differ from one another, and from other series, in their terms.

When we refer to the "notes" or "these notes", we mean our Senior Medium-Term Notes, Series A or our Subordinate Medium-Term Notes, Series B or both, as the context may require. When we refer to a "series" of debt securities, we mean a series, such as the Senior Medium-Term Notes, Series A or the Subordinated Medium-Term Notes, Series B, issued under the senior debt indenture or the subordinated debt indenture.

Amounts That We May Issue

Neither the senior debt indenture nor the subordinated debt indenture limit the aggregate amount of debt securities that we may issue. Nor do they limit the number of series or the aggregate amount of any particular series that we may issue. Also, if we issue notes having the same terms in a particular offering, we may "reopen" that offering at any later time and offer additional notes having those terms.

Our affiliates may use this prospectus supplement to resell notes in market-making transactions from time to time, including notes that we have not yet issued. We describe these transactions under "Supplemental Plan of Distribution" below.

The senior debt indenture, the subordinated debt indenture and the notes do not limit our ability to incur other indebtedness or to issue other securities. Also, we are not subject to financial or similar restrictions by the terms of the notes or the indentures, except as described under "Description of Debt Securities We May Offer Restriction on Sale or Issuance of Capital Stock of Major Constituent Banks" in the accompanying prospectus.

How the Notes Rank Against Other Debt

The notes will not be secured by any property or assets of Zions Bancorporation or its subsidiaries. Thus, by owning a note, you are one of our unsecured creditors.

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All senior medium-term notes will rank on a parity with all of our other unsecured and unsubordinated debt. All subordinated medium-term notes will be subordinate and junior to our "senior indebtedness", which we define in the accompanying prospectus.

In addition, an investment in the notes involves risks because we are a holding company. We summarize those risks under "Description of Debt Securities We May Offer We Are a Holding Company" in the accompanying prospectus.

This Section Is Only a Summary

The senior debt indenture, the subordinated debt indenture and their associated documents, including your note, contain the full legal text of the matters described in this section and your prospectus supplement. Our senior debt indenture, the subordinated debt indenture and the notes are governed by New York law. A copy of each of our senior debt indenture and our subordinated debt indenture has been filed with the Securities and Exchange Commission as part of our registration statement. See "Available Information" in the accompanying prospectus for information on how to obtain a copy.

Investors should carefully read the description of the terms and provisions of our debt securities and our indentures under "Description of Debt Securities We May Offer" in the accompanying

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prospectus. That section, together with this prospectus supplement and your pricing supplement, summarize all the material terms of our indentures and your note. They do not, however, describe every aspect of our indentures and your note. For example, in this section entitled "Description of Notes We May Offer", the accompanying prospectus and your pricing supplement, we use terms that have been given special meaning in our senior debt indenture and our subordinated debt indenture, but we describe the meaning of only the more important of those terms.

Features Common to All Notes

Currency of Notes

The notes will be payable in U.S. dollars.

Types of Notes

We may issue the following three types of notes:

Fixed Rate Notes. A note of this type will bear interest at a fixed rate described in the applicable pricing supplement. This type includes zero coupon notes, which bear no interest and are instead issued at a price lower than the principal amount.

Floating Rate Notes. A note of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. The various interest rate formulas and these other features are described below in " Interest Rates Floating Rate Notes". If your note is a floating rate note, the formula and any adjustments that apply to the interest rate will be specified in your pricing supplement.

Indexed Notes. A note of this type provides that the principal amount payable at its maturity, and/or the amount of interest payable on an interest payment date, will be determined by reference to:

one or more securities;

one or more currencies;

one or more commodities;

any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstance; and/or

indices or baskets of any of these items.

If you are a holder of an indexed note, you may receive a principal amount at maturity that is greater than or less than the face amount of your note depending upon the value of the applicable index at maturity. That value may fluctuate over time. Some indexed notes may also be exchangeable, at our option or the option of the holder, into securities of an issuer other than Zions Bancorporation or into other property. If you purchase an indexed note, your pricing supplement will include information about the relevant index and about how amounts that are to become payable will be determined by reference to that index. Before you purchase any indexed note, you should read carefully the section entitled "Considerations Relating to Indexed Securities" in the accompanying prospectus.

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Original Issue Discount Notes

A fixed rate note, a floating rate note or an indexed note may be an original issue discount note. A note of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. An original issue discount note may be a zero coupon note. A note issued at a discount to its principal may, for U.S. federal income tax purposes, be considered an original issue discount note, regardless of the amount payable upon redemption or acceleration of maturity.

Information in the Pricing Supplement

Your pricing supplement will describe one or more of the following terms of your note:

whether it is a senior note or a subordinated note;

any limit on the total principal amount of the note;

the stated maturity;

the price at which we originally issue your note, expressed as a percentage of the principal amount, and the original issue date;

if you purchase your note in a market-making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market-making transaction is one in which Zions Investment Securities, Inc. or another of our affiliates resells a note that it has previously acquired from another holder. A market-making transaction in a particular note occurs after the original sale of the note;

whether your note is a fixed rate note, a floating rate note or an indexed note and also whether it is an original issue discount note;

if your note is a fixed rate note, the yearly rate at which your note will bear interest, if any, and the interest payment dates, if different from those stated below under " Interest Rates Fixed Rate Notes";

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if your note is a floating rate note, the interest rate basis, which may be one of the nine base rates described in " Interest Rates Floating Rate Notes" below; any applicable index currency or maturity, spread or spread multiplier or initial, maximum or minimum rate; and the interest reset, determination, calculation and payment dates, all of which we describe under " Interest Rates Floating Rate Notes" below;

if your note is an indexed note, the principal amount, if any, we will pay you at maturity, the amount of interest, if any, we will pay you on an interest payment date or the formula we will use to calculate these amounts, if any, and whether your note will be exchangeable for or payable in cash, securities of an issuer other than Zions Bancorporation or other property;

if your note is an original issue discount note, the yield to maturity;

if applicable, the circumstances under which your note may be redeemed at our option or repaid at the holder's option before the stated maturity, including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s), all of which we describe under "Description of Debt Securities We May Offer Redemption and Repayment" in the accompanying prospectus;

the authorized denominations, if other than \$1,000 and integral multiples of \$1,000;

whether we will issue or make available your note in non-book-entry form;

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whether and under what circumstances we will pay additional amounts on any note held by a person who is not a United States person for tax purposes and whether we can redeem the note if we have to pay additional amounts;

whether the note will be issued in fully registered form or bearer form, in definitive or global form or in any combination of these forms;

the names and duties of any co-trustees, depositories, authenticating agents, paying agents, calculation agents, transfer agents or registrars for the note;

the depository for your note, if other than DTC, and any circumstances under which the holder may request notes in non-global form, if we choose not to issue your note in book-entry form only;

if we choose to issue your note in bearer form, any special provisions relating to bearer notes that are not addressed in the accompanying prospectus; and

any other terms of your note that are consistent with the provisions of the applicable indenture, which could be different from those described in this prospectus supplement and the accompanying prospectus.

Form, Denomination and Legal Ownership of Notes

Your note will be issued in registered form, without interest coupons, in any authorized denominations. The authorized denominations will be \$1,000 and multiples of \$1,000.

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Your note will be issued in book-entry form and represented by a global note or a master global note. You should read the section "Legal Ownership and Book-Entry Issuance" in the accompanying prospectus for information about this type of arrangement and your rights under this type of arrangement.

Interest Rates

This subsection describes the different kinds of interest rates that may apply to your note, if it bears interest.

Fixed Rate Notes

Unless otherwise specified in the applicable pricing supplement, interest on a fixed rate note will be payable semiannually each May 15 and November 15, which will be the interest payment dates for a fixed rate note, and at maturity. For each fixed rate note that bears interest, interest will accrue, and we will compute and pay accrued interest, as described in the accompanying prospectus under "Description of Debt Securities We May Offer Types of Debt Securities Fixed Rate Debt Securities" and " Payment Mechanics for Debt Securities in Registered Form".

Floating Rate Notes

*In this subsection, we use several specialized terms relating to the manner in which floating interest rates are calculated. These terms appear in **bold, italicized** type the first time they appear, and we define these terms in " Special Rate Calculation Terms" at the end of this subsection.*

For each floating rate note, interest will accrue, and we will compute and pay accrued interest, as described in the accompanying prospectus under "Description of Debt Securities We May Offer Types of Debt Securities Floating Rate Debt Securities" and " Payment Mechanics for Debt Securities in Registered Form". In addition, the following will apply to floating rate notes.

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Base Rates. We currently expect to issue floating rate notes that bear interest at rates based on one or more of the following base rates:

commercial paper rate;

prime rate;

LIBOR;

EURIBOR;

treasury rate;

CMT rate;

CD rate;

federal funds rate; and/or

11th district cost of funds rate.

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We describe each of these base rates in further detail below in this subsection. If you purchase a floating rate note, your pricing supplement will specify the type of base rate that applies to your note.

Interest payable on a floating rate note for any particular interest period will be calculated as described in the accompanying prospectus using an interest factor, expressed as a decimal, applicable to each day during the period. The interest factor for each day will be calculated by dividing the interest rate, expressed as a decimal, applicable to that day by the following:

360, in the case of commercial paper rate notes, prime rate notes, LIBOR notes, EURIBOR notes, CD rate notes, federal funds rate notes and 11th district cost of funds rate notes; or

the actual number of days in the year, in the case of treasury rate notes and CMT rate notes.

See "Description of Debt Securities We May Offer Types of Debt Securities Floating Rate Debt Securities Calculation of Interest" in the accompanying prospectus for more information about calculation mechanics.

Initial Base Rate. For any floating rate note, the base rate in effect from the original issue date to the first interest reset date will be the initial base rate. We will specify the initial base rate in the applicable pricing supplement.

Spread or Spread Multiplier. In some cases, the base rate for a floating rate note may be adjusted:

by adding or subtracting a specified number of basis points, called the spread, with one basis point being 0.01%; or

by multiplying the base rate by a specified percentage, called the spread multiplier.

If you purchase a floating rate note, your pricing supplement will specify whether a spread or spread multiplier will apply to your note and, if so, the amount of the spread or spread multiplier.

Maximum and Minimum Rates. The actual interest rate, after being adjusted by the spread or spread multiplier, may also be subject to either or both of the following limits:

a maximum rate i.e., a specified upper limit that the actual interest rate in effect at any time may not exceed; and/or

a minimum rate i.e., a specified lower limit that the actual interest rate in effect at any time may not fall below.

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If you purchase a floating rate note, your pricing supplement will specify whether a maximum rate and/or minimum rate will apply to your note and, if so, what those rates are.

Whether or not a maximum rate applies, the interest rate on a floating rate note will in no event be higher than the maximum rate permitted by New York law, as it may be modified by U.S. law of general application. Under current New York law, the maximum rate of interest, with some exceptions, for any loan in an amount less than \$250,000 is 16% and for any loan in the amount of \$250,000 or more but less than \$2,500,000 is 25% per year on a simple interest basis. These limits do not apply to loans of \$2,500,000 or more.

The rest of this subsection describes how the interest rate and the interest payment dates will be determined, and how interest will be calculated, on a floating rate note.

Interest Reset Dates. The rate of interest on a floating rate note will be reset, by the calculation agent described below, daily, weekly, monthly, quarterly, semi-annually or annually. The date on which the interest rate resets and the reset rate becomes effective is called the interest reset date. Except as otherwise specified in the applicable pricing supplement, the interest reset date will be as follows:

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for floating rate notes that reset daily, each *business day*;

for floating rate notes that reset weekly and that are not treasury rate notes, the Wednesday of each week;

for treasury rate notes that reset weekly, the Tuesday of each week, except as otherwise described in the next to last paragraph under " Interest Determination Dates" below;

for floating rate notes that reset monthly, the third Wednesday of each month;

for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

for floating rate notes that reset semi-annually, the third Wednesday of each of two months of each year as specified in the applicable pricing supplement; and

for floating rate notes that reset annually, the third Wednesday of one month of each year as specified in the applicable pricing supplement.

For a floating rate note, the interest rate in effect on any particular day will be the interest rate determined with respect to the latest interest reset date that occurs on or before that day. There are several exceptions, however, to the reset provisions described above.

The base rate in effect from the original issue date to the first interest reset date will be the initial base rate specified on the cover of your pricing supplement. For floating rate notes that reset daily or weekly, the base rate in effect for each day following the second business day before an interest payment date to, but excluding, the interest payment date, and for each day following the second business day before the maturity to, but excluding, the maturity, will be the base rate in effect on that second business day.

If any interest reset date for a floating rate note would otherwise be a day that is not a business day, the interest reset date will be postponed to the next day that is a business day. For a LIBOR note, however, if that business day is in the next succeeding calendar month, the interest reset date will be the immediately preceding business day.

Interest Determination Dates. The interest rate that takes effect on an interest reset date will be determined by the calculation agent by reference to a particular date called an interest determination date. Except as otherwise specified in the applicable pricing supplement:

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For all floating rate notes other than LIBOR notes, EURIBOR notes, treasury rate notes and 11th district cost of funds rate notes, the interest determination date relating to a particular interest reset date will be the second business day before the interest reset date.

For LIBOR notes, the interest determination date relating to a particular interest reset date will be the second *London business day* preceding the interest reset date, unless the *index currency* is pounds sterling, in which case the interest determination date will be the interest reset date. We refer to an interest determination date for a LIBOR note as a LIBOR interest determination date.

For EURIBOR notes, the interest determination date relating to a particular interest reset date will be the second *euro business day* preceding the interest reset date. We refer to an interest determination date for a EURIBOR note as a EURIBOR interest determination date.

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For treasury rate notes, the interest determination date relating to a particular interest reset date, which we refer to as a treasury interest determination date, will be the day of the week in which the interest reset date falls on which treasury bills i.e., direct obligations of the U.S. government would normally be auctioned. Treasury bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that the auction may be held on the preceding Friday. If as the result of a legal holiday an auction is held on the preceding Friday, that Friday will be the treasury interest determination date relating to the interest reset date occurring in the next succeeding week. If the auction is held on a day that would otherwise be an interest reset date, then the interest reset date will instead be the first business day following the auction date.

For 11th district cost of funds rate notes, the interest determination date relating to a particular interest reset date will be the last working day, in the first calendar month before that interest reset date, on which the Federal Home Loan Bank of San Francisco publishes the monthly average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District for the second calendar month before that interest reset date. We refer to an interest determination date for an 11th district cost of funds rate note as an 11th district interest determination date.

Interest Calculation Dates. As described above, the interest rate that takes effect on a particular interest reset date will be determined by reference to the corresponding interest determination date. Except for LIBOR notes