ZIONS BANCORPORATION

Doyle L. Arnold
Vice Chairman
Chief Financial Officer

July 28, 2008

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CHAIRMAN'S CORRESPONDENCE UNIT

Mr. Christopher Cox
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Mr. Erik Sirri
Director
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Dear Chairman Cox and Director Sirri:

On behalf of Zions Bancorporation, I want to register my company's support for the recent action taken by the SEC to reinforce rules that restrict naked short selling. Recent news reports indicate that the impact of the action has been dramatic, with short selling of Fannie Mae and Freddie Mac down 98%. I also want to register our request that these actions (1) be made permanent, and (2) be expanded to cover, at a minimum, all publicly traded banks and bank holding companies. We also believe the SEC should consider other actions to regulate short selling, such as reinstituting the "uptick" rule.

The fact that banks' and bank holding companies' deposits are insured by an agency of the Federal government means that our government has a strong interest in promoting orderly markets and eliminating manipulative trading and rumor-mongering affecting the securities issued by those companies.

Zions Bancorporation believes that its stock trading has been subjected in recent months to just such abuses. Short interest in Zions has risen steadily to approximately 30% of outstanding shares as of the most recent reporting date—approximately the 4th or 5th largest position of any company in the S&P 500 index. At the same time, daily trading volume has risen to 7-13 million shares per day, compared to 5-600 thousand shares per day a year ago. It seems highly likely that this very high volume is linked to repeated short-selling and covering, or forced covering of those short positions. While we have

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not tried to research this, it seems to us unlikely that 30% of Zions shares are actually borrowed, or contracted for borrow, so much of this short-selling is "naked."

Coincident with this activity have been sudden and sharp movements in Zions' stock price. These movements, in turn, have sparked inflammatory news reports and a number of calls from deposit customers worried about the safety of their deposits. For example, see the attached July 15 article from the *Denver Post,* which specifically states, "A big drop in stock price offers an early indicator of serious troubles at a bank." Some depositors have withdrawn deposits and even closed accounts based on fears that have been engendered just by sudden stock price declines, and print and broadcast media coverage that followed. The danger is that sharp stock price movements engendered in part by naked short-selling could have real, adverse consequences for banks like Zions, and ultimately for the FDIC.

Therefore, we believe that the restrictions on manipulative short-selling should be extended to all insured depository institutions, not just Fannie Mae, Freddie Mac and the primary broker-dealers. We also believe that these restrictions should be made permanent.

Very truly yours,

Doyle L. Arnold

Enclosures

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business

Fears over what to bank on

Collapse of IndyMac spurs traders to dump stocks and analysts to guess who may fail next

By Aldo Svaldi
The Denver Post

Article Last Updated: 07/15/2008 10:15:54 AM MDT

IndyMac customers listen to Sgt. Matthew Ferguson of the Police Department in Burbank, Calif., as he reads names from a sign-up sheet while they wait in line Monday outside a branch of the failed financial institution. The bank was helping 10 customers an hour. (Kevork Djansezian, The Associated Press)

Investors dumped bank stocks Monday and analysts began guessing who might fail next after IndyMac Bancorp, a large California lender, collapsed over the weekend.

The S&P bank-stock index fell nearly 10 percent Monday and is down nearly two-thirds over the past year, ever since a housing-driven credit crisis started last summer.

Several regional banks operating in Colorado suffered severe stock-price declines Monday, including Washington Mutual, Zions Bancorp, KeyCorp and U.S. Bancorp.

Increasingly, even institutions that limited their exposure to residential housing are getting hit hard

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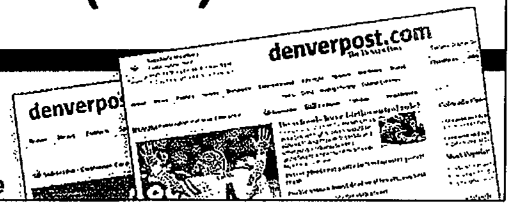
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on concerns that loans backing commercial properties, such as hotels, office buildings and restaurants, will default in larger numbers in the months ahead.

"There is some fear that the commercial real estate problem will be far worse than the residential one for banks," said Greg Doner, a principal of FiCap Strategic Partners in Cherry Creek. FiCap specializes in analyzing loan portfolios and consulting with troubled banks.

The Federal Deposit Insurance Corp. reported $53 billion in its deposit insurance fund in the first quarter, while estimates of the losses it will have to cover at IndyMac are in the range of $4 billion to $8 billion.

The FDIC also has the ability to levy more fees on banks to restore its insurance fund.

In the first quarter, only 90 of the more than 8,500 banks the FDIC insures were considered troubled.

John Bovenzi, the former chief operating officer of the FDIC put in charge of IndyMac, reassured consumers that bank failures have been rare in the past and that if more banks do fail, the government has enough in reserve.

"I think the important point to make is that, historically, only a very small percentage of the banks on our problem banks list ever failed," Bovenzi said.

Since 1982, about 13 percent of the banks listed as troubled fail on average in any given year, said FDIC spokesman Andrew Gray.

"Most are acquired or nursed back to health," he said.

Five have failed this year

So far this year, five banks or thrifts have failed. But RBC Capital Markets analyst Gerard Cassidy predicts that about 300 banks will fail over the next three years, primarily banks with too much exposure to exotic mortgages and construction loans.

A big drop in stock price offers an early indicator of serious troubles at a bank.

Before depositors began pulling their money en masse from IndyMac and regulators stepped in, investors took its shares from nearly $49 to under $1.

Judging by its stock performance, Washington Mutual appears to be following a similar track among the large banks operating in Colorado.

Shares of the Seattle-based thrift plunged 34.8 percent Monday to $3.23, and the stock has lost more than 90 percent in the past year.

Like IndyMac, WaMu focused on making mortgages. Shares of Wachovia, which entered Colorado after acquiring World Savings, a large provider of adjustable-rate mortgages, are down more than 80 percent in the past year.

A Goldman Sachs warning

Zions, parent of Vectra Bank Colorado, wasn't as heavily into residential real estate. But its shares fell 23.2 percent Monday after Goldman Sachs warned that increasing loan losses may force the Salt Lake City bank to cut its dividend.

Although the largest banks typically trade on public stock exchanges, most locally owned banks are in private hands.

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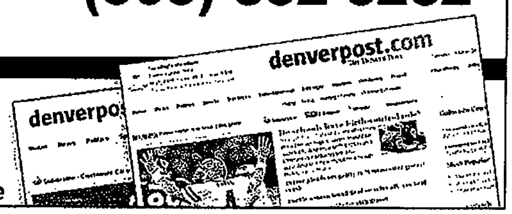

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At the end of the first quarter, five Colorado-based banks reported about 6 percent or more of their loans seriously behind, according to BauerFinancial, a Florida firm that provides bank ratings.

They include Colorado Federal Savings Bank, Premier Bank, Pueblo Bank and Trust, Armed Forces Bank, and Colorado Mountain Bank.

A high level of nonperforming loans can translate into large write-offs and losses, which can force a bank to raise capital, something increasingly difficult to do since last summer. But it doesn't necessarily mean a takeover is imminent.

Aldo Svaldi: 303-954-1410 or asvaldi@denverpost.com

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ZIONS BANCORPORATION

Thomas E. Laursen
Executive Vice President
General Counsel

FOIA Confidential Treatment Request
ZB 072808-1

July 28, 2008

Office of Freedom of Information and
Privacy Act Operations
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100 F Street NE
Washington DC 20549

Mr. Christopher Cox
Chairman
Securities and Exchange Commission
100 F Street NE
Washington DC 20549

Mr. Erik Sirri
Director
Securities and Exchange Commission
100 F Street NE
Washington DC 20549

Dear Sirs:

Zions Bancorporation ("Zions") requests confidential treatment of the letter, dated July 28, 2008 (and identified as ZB 072808-1), of Doyle L. Arnold, Vice Chairman of Zions Bancorporation, to Messrs. Christopher Cox and Erik Sirri of the Securities and Exchange Commission ("SEC"). This request is submitted under the Freedom of Information Act, 5 U.S.C. § 552, and the rules of the SEC, 17 C.F.R. § 200.83.

The information in the letter contains confidential nonpublic information about Zions' business results and customers. The information is sensitive and could be used by competitors to Zions' disadvantage. Accordingly, the information is exempt from disclosure under 5 U.S.C. §552(b)(4), which provides that "trade secrets and commercial or financial information obtained from a person and privileged or confidential" are protected from disclosure under the Freedom of Information Act.

One South Main, Suite 1138, Salt Lake City, UT 84111 | *Telephone* (801) 844-8502 *Fax* (801) 524-2129 | *tlaursen@zionsbank.com*

The person submitting this request for confidential treatment and to whom inquiries regarding this request should be directed is:

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Zions Bancorporation
One South Main
Suite 1500
Salt Lake City, Utah 84133
(801) 844-8502

Sincerely,

Thomas E. Laursen