UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Mr. James G. Livingston
Vice President
Zions Bancorporation
One South Main Street
Salt Lake City, UT 84111

October 17, 2007

Dear Mr. Livingston:

On May 29, 2007, you submitted a report and supplemental materials (collectively referred to herein as "Submissions") to the Office of the Chief Accountant that summarized Zions Bancorporation's auction of Employee Stock Option Appreciation Rights Securities (ESOARS) on May 4-7, 2007. In your Submissions, you described your basis for concluding that the market clearing price of ESOARS resulting from your auction is representative of the fair value, in accordance with FASB Statement No. 123R, "Share-Based Payment" (Statement 123R), of the underlying employee stock options granted on May 4, 2007. Furthermore, you have requested the views of the staff of the Office of the Chief Accountant as to whether the price obtained for ESOARS from your auction could be used as an estimate of the fair value, in accordance with Statement 123R, of your May 4, 2007 employee stock option grant.

In your Submissions, you indicated that your conclusion is based on an analysis of the ESOARS instrument design and of the May 2007 auction process, bidder participation and the resulting clearing price. From your analysis, you concluded that the ESOARS instrument is sufficiently designed and bidders were provided adequate information to meet the measurement objective of Statement 123R; that the auction process functioned appropriately; and that the market-clearing price of ESOARS is representative of the fair value, in accordance with Statement 123R, of the underlying employee stock options granted on May 4, 2007. In support of these conclusions, you compared the auction price with the value of ESOARS that would be derived through broadly accepted modeling techniques. Further, you considered the model-based assumptions implicit in the auction price and concluded that the implied assumptions were reasonable.

We do not object to your view that the ESOARS instrument in this case is sufficiently designed to meet the measurement objective of Statement 123R. Further, based on the information you provided, we do not object to your view that the market-clearing price of

ESOARS in the May 2007 auction is a reasonable estimate of the fair value of the underlying employee stock options granted on May 4, 2007.

Your Submissions represent significant progress towards the identification of a suitable market-based approach to valuing employee share-based payment awards. We remain committed to supporting the development of a variety of competing market-based objective measurements of the fair value of employee stock options, of which yours is an example. Of course, future auctions using the approach outlined in your Submissions must be evaluated by a company and its external auditors based upon the particular facts and circumstances to ensure that the result produces a reasonable estimate of fair value in accordance with Statement 123R. As such, we provide further thoughts below that may help you or others when analyzing future auctions of market instruments.

Your approach looks only to one side of the bid-ask spread (that is, the bid side). The accounting literature applicable to stock option arrangements does not specify the point within a bid-ask spread that should be utilized for measuring the fair value of employee stock options; therefore, we have not objected to the approach you utilized. However, we note that the illiquid nature of the current market for ESOARS or similar instruments could result in substantial bid-ask spreads. This creates the risk that looking only to the bid price could produce a downward-biased result.

We believe you performed a robust review of your May 2007 auction results to ensure that an undue downward-biased result was not present. We would expect a similar review to occur in connection with any future auction, considering at a minimum the following factors:

- Are there sufficient sophisticated bidders to constitute an active market?
- Do the bidders have sufficient information to value the investment and make an investment decision?
- Does the pattern of bidding reflect what one normally observes in an active market (e.g., a reasonably low disparity between the lowest and highest bids among the winning bidders)?
- Do the bidders' perceptions of material costs of holding, hedging or trading the instrument substantially affect their valuation of the instrument?

We also note that, as part of your review of the May 2007 auction results, you compared the auction price to the value derived using a standard modeling technique. In the absence of an observable secondary market, we believe it would be appropriate for you to continue to do so when analyzing future auction results. While the objective of using a market instrument is not to replicate the value that would be derived from a modeling technique, so long as market-based approaches remain in the development stage, substantial deviations between the market price and a model-based price may indicate deficiencies in the auction process and should be analyzed. The analysis is important when considering investors' interest in knowing and comparing market-tested values and the clear preference in Statement 123R for market instruments.

Finally, we recommend that you assist in the development of XBRL data tags to make it easier for investors to access and understand the market valuation of ESOARS. As XBRL US is now finalizing the new U.S. GAAP taxonomy, you may wish to contact that organization to ensure the creation of the appropriate data tags.

If you have any questions concerning this letter, please contact Mark Barrysmith, Professional Accounting Fellow in the Office of the Chief Accountant (202-551-5304).

Sincerely,

Conrad Hewitt
Chief Accountant
Office of the Chief Accountant