ZIONS BANCORPORATION /UT/
Form 424B2
April 30, 2012
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated April 30, 2012

Prospectus Supplement to Prospectus dated April 4, 2011.

Zions Bancorporation

5,750,000 Depositary Shares Each Representing a 1/40th Interest in a Share of Series F Fixed-Rate Non-Cumulative Perpetual Preferred Stock

Zions Bancorporation is offering to sell 5,750,000 depositary shares, each representing a 1/40th ownership interest in a share of Series F Fixed-Rate Non-Cumulative Perpetual Preferred Stock, with a liquidation preference of $1,000 per share (equivalent to $25 per depositary share) (the Series F Preferred Stock). The depositary shares are represented by depositary receipts. As a holder of depositary shares, you will be entitled to all proportional rights and preferences of the Series F Preferred Stock (including dividend, voting, redemption and liquidation rights). You must exercise such rights through the depositary.

Dividends on the Series F Preferred Stock will be payable quarterly in arrears when, as and if declared by our board of directors or a duly authorized committee of the board at a rate per annum equal to 7.90%. The dividend payment dates will be the 15th day of March, June, September and December, commencing on June 15, 2012 or the next business day if any such date is not a business day.

Dividends on the Series F Preferred Stock will be non-cumulative. If our board of directors or a duly authorized committee of the board does not declare a dividend on the Series F Preferred Stock for any dividend period, such dividend will not accrue or be payable, and we will have no obligation to pay dividends for such dividend period, whether or not dividends on the Series F Preferred Stock are declared for any future dividend period.

The Series F Preferred Stock may be redeemed in whole, or in part, on and after June 15, 2017. The Series F Preferred Stock may be redeemed in whole, but not in part, prior to June 15, 2017, upon the occurrence of a regulatory capital treatment event, as described herein. The Series F Preferred Stock will not have any voting rights, except as set forth under Description of Series F Preferred Stock Voting Rights on page S-30.

We expect the depositary shares to be approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol ZBPRF .

The public offering price and the allocation of the depositary shares in this offering will be determined by an online auction process. During the auction period, potential bidders will be able to place bids at any price at or above the minimum bid price of $23.50 per depositary share and up to and including the maximum bid price of $25.00 per depositary share. Bids below the minimum bid price or above the maximum bid price will not be accepted. The minimum size for any bid is one depositary share (equivalent to $25 liquidation preference). There is no maximum bid size. If we decide to sell the depositary shares being offered, the public offering price of the depositary shares will equal the market-clearing price. If the number of depositary shares for which valid bids are received is equal to or greater than 5,750,000 depositary shares ($143,750,000 aggregate liquidation preference), or the auction amount, the market-clearing price will be equal to the highest price at which 100% of the offered depositary shares can be sold in the auction. If the number of depositary shares for which valid bids are received is 50% or more of the auction amount but less than 100% of the auction amount, the market-clearing price will be equal to the minimum bid price and we may (but are not required to) sell the number of depositary shares subject to bids received in the auction. If the number of depositary shares for which valid bids are received is less than 50% of the auction amount, then the offering will be cancelled and we will not issue any depositary shares in this offering. Even if bids are received for the entire auction amount, we may decide not to sell any depositary shares, regardless of the market-clearing price set in the auction process. The method for submitting bids and a more detailed description of this auction process are described in The Auction Process in this prospectus supplement.

You must meet minimum suitability standards in order to purchase the depositary shares. You must be able to understand and bear the risk of an investment in the depositary shares. You should reach an investment decision only after careful consideration, with your advisers, of the suitability of the depositary shares in light of your particular financial circumstances and the information in this prospectus supplement.

Investing in the depositary shares involves certain risks. See Risk Factors beginning on page S-11 of this prospectus supplement to read about certain factors you should consider before buying the depositary shares.

The depositary shares 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 depositary share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us(1)	$	$

(1) The underwriter has agreed to pay a fee of $150,000 to our affiliate, Zions Direct, Inc., in its capacity as the auction agent in connection with this offering. See Underwriting (Conflicts of Interest) in this prospectus supplement.

The underwriter expects to deliver the depositary shares in book-entry form only through the facilities of The Depository Trust Company (DTC) against payment in New York, New York on , 2012.

Sole Book-Running Manager

Deutsche Bank Securities

Auction Agent

Zions Direct, Inc.

Prospectus Supplement dated , 2012.

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Prospectus Supplement

Prospectus

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement and the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the depositary shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of the date of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration statement. Under the shelf registration process, from time to time, we may offer and sell debt securities, warrants or other rights, stock purchase contracts, units, common stock, preferred stock or depositary shares, or any combination thereof, in one or more offerings.

It is important that you read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Incorporation by Reference on page S-v of this prospectus supplement and Where You Can Find More Information on page 2 of the accompanying prospectus.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the depositary shares in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the accompanying prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See the Underwriting (Conflicts of Interest) section of this prospectus supplement beginning on page S-51.

References herein to $ and dollars are to the currency of the United States. Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to the Company, Zions, we, us, our or similar references mean Zions Bancorporation and its subsidiaries.

Zions® and Zions Bank® are registered service marks of Zions Bancorporation. All other service marks, trademarks and trade names referred to in this prospectus supplement and the accompanying prospectus are the property of their respective owners.

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DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

Statements in this prospectus supplement that are based on other than historical data are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others:

statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations and future financial condition, results of operations and performance of Zions Bancorporation and its subsidiaries; and

statements preceded by, followed by or that include the words may, could, should, would, believe, anticipate, estimate, ex intend, plan, projects, or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management s views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, in this prospectus supplement. Factors that might cause such differences include, but are not limited to:

the Company s ability to successfully execute its business plans, manage its risks and achieve its objectives;

changes in local, national and international political and economic conditions, including without limitation the political and economic effects of the recent economic crisis, delay of recovery from that crisis, economic conditions and fiscal imbalances in the United States and other countries, potential or actual downgrades in rating of sovereign debt issued by the United States and other countries, and other major developments, including wars, military actions, and terrorist attacks;

changes in financial market conditions, either internationally, nationally or locally in areas in which the Company conducts its operations, including without limitation reduced rates of business formation and growth, commercial and residential real estate development and real estate prices;

fluctuations in markets for equity, fixed-income, commercial paper and other securities, including availability, market liquidity levels and pricing;

changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition;

acquisitions and integration of acquired businesses;

increases in the levels of losses, customer bankruptcies, bank failures, claims and assessments;

changes in fiscal, monetary, regulatory, trade and tax policies and laws and regulatory assessments and fees, including policies of the U.S. Department of Treasury (the U.S. Treasury), the Office of the Comptroller of the Currency (the OCC), the Board of Governors of the Federal Reserve Board System (the Federal Reserve Board) and the Federal Deposit Insurance Corporation (the FDIC);

the Company s participation in and exit from governmental programs implemented under the Emergency Economic Stabilization Act of 2008, as amended (EESA), and the American Recovery and Reinvestment Act (ARRA), including the Troubled Asset Relief Program (TARP) and the Capital Purchase Program (CPP) and the impact of such programs and related regulations on the Company;

the Company s ability to achieve the elements of our capital plan, or the Capital Plan, described in this prospectus supplement;

the impact of executive compensation rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), the EESA and the ARRA, which may impact the ability of the Company and other American financial institutions to retain and recruit executives and other personnel necessary for their businesses and competitiveness;

- the impact of the Dodd-Frank Act and of new international standards known as Basel III, and rules and regulations thereunder, many of which have not yet been promulgated, on our required regulatory capital and liquidity levels, governmental assessments on us, the scope of business activities in which we may engage, the manner in which we engage in such activities, the fees we may charge for certain products and services, and other matters affected by the Dodd-Frank Act and these international standards;

- continuing consolidation in the financial services industry;

- new legal claims against the Company, including litigation, arbitration and proceedings brought by governmental or self-regulatory agencies, or changes in existing legal matters;

- success in gaining regulatory approvals, when required;

- changes in consumer spending and savings habits;

- increased competitive challenges and expanding product and pricing pressures among financial institutions;

- inflation and deflation;

- technological changes and the Company s implementation of new technologies;

- the Company s ability to develop and maintain secure and reliable information technology systems;

- legislation or regulatory changes which adversely affect the Company s operations or business;

- the Company s ability to comply with applicable laws and regulations;

- changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or regulatory agencies; and

- increased costs of deposit insurance and changes with respect to FDIC insurance coverage levels.

We have identified some additional important factors that could cause future events to differ from our current expectations and they are described in this prospectus supplement under the caption Risk Factors, as well as in our most recent Annual Report on Form 10-K for the year ended December 31, 2011, including without limitation under the captions Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk and in other documents that we may file with the SEC, all of which you should review carefully.

Except to the extent required by law, we specifically disclaim any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements included herein to reflect future events or developments.

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INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document that Zions Bancorporation has filed separately with the SEC that contains that information. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. We incorporate by reference into this prospectus supplement:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2011; and
- our Current Reports on Form 8-K filed on January 23, 2012, February 16, 2012, March 5, 2012, March 27, 2012, March 29, 2012, April 19, 2012 and April 23, 2012 (except in each case, any information that has been deemed furnished and not filed, and any exhibits related thereto).

In addition, all reports and other documents we subsequently file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus supplement and the accompanying prospectus until we sell all of the depositary shares offered by this prospectus supplement (other than any information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K unless we specifically state in such Current Report that such information is to be considered filed under the Exchange Act or we incorporate it by reference into a filing under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act) will be deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus and to be part of this prospectus supplement and the accompanying prospectus from the date of the filing of such reports and documents. Any statement contained in this prospectus supplement, the accompanying prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in any subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement and the accompanying prospectus.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address:

Investor Relations

Zions Bancorporation

One South Main Street, 15th Floor

Salt Lake City, Utah 84133

(801) 524-4787

In addition, these filings are available on our web site at www.zionsbancorporation.com. For additional information concerning the offering, the web site www.auctions.zionsdirect.com, or the auction process, you may contact Zions Direct, Inc. (Zions Direct):

- by telephone at (800) 524-8875; or
- by e-mail at auctions@zionsdirect.com.

Please note that these web sites do not form a part of this prospectus supplement or the accompanying prospectus.

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SUMMARY

The following summary 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 prospectus supplement and the accompanying prospectus in their entirety to understand fully the terms of the depositary shares, as well as the other considerations that are important to you in making a decision about whether to invest in the depositary shares.

Zions Bancorporation

Zions Bancorporation is a financial holding company organized under the laws of the State of Utah in 1955, and registered under the Bank Holding Company Act of 1956, as amended. Zions Bancorporation and its subsidiaries own and operate eight commercial banks with a total of 486 domestic branches at year-end 2011. We provide a full range of banking and related services through our banking and other subsidiaries, primarily in Utah, California, Texas, Arizona, Nevada, Colorado, Idaho, Washington and Oregon. Full-time equivalent employees totaled 10,606 at year-end 2011.

We focus on providing community banking services by continuously strengthening our core business lines of 1) small and medium-sized business and corporate banking; 2) commercial and residential development, construction and term lending; 3) retail banking; 4) treasury cash management and related products and services; 5) residential mortgage; 6) trust and wealth management; and 7) investment activities. We operate eight different banks in ten Western and Southwestern states with each bank operating under a different name and each having its own board of directors, chief executive officer and management team. The banks provide a wide variety of commercial and retail banking and mortgage lending products and services. They also provide a wide range of personal banking services to individuals, including home mortgages, bankcard, other installment loans, home equity lines of credit, checking accounts, savings accounts, time certificates of deposits of various types and maturities, trust services, safe deposit facilities, direct deposit and 24-hour ATM access. In addition, certain banking subsidiaries provide services to key market segments through their Women s Financial, Private Client Services and Executive Banking Groups. We also offer wealth management services through various subsidiaries, including Contango Capital Advisors, Inc., Western National Trust Company, and online and traditional brokerage services through Zions Direct and Amegy Investments.

In addition to these core businesses, we have built specialized lines of business in capital markets and public finance, and we are also a leader in Small Business Administration (SBA) lending. Through our eight banking subsidiaries, we provide SBA 7(a) loans to small businesses throughout the United States and are also one of the largest providers of SBA 504 financing in the nation. We own an equity interest in the Federal Agricultural Mortgage Corporation (Farmer Mac) and are one of the nation s top originators of secondary market agricultural real estate mortgage loans through Farmer Mac. We are a leader in municipal finance advisory and underwriting services.

Our principal executive offices are located at One South Main, 15th Floor, Salt Lake City, Utah 84133, and our telephone number is (801) 524-4787. Our common stock is traded on Nasdaq under the symbol ZION. Our website address is www.zionsbancorporation.com. This website address is not intended to be an active link and information on our website is not incorporated in, and should not be construed to be part of, this prospectus supplement.

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Recent Developments

On March 13, 2012, the Federal Reserve Board formally notified us that it does not object to the capital actions contained in the Capital Plan, submitted pursuant to the Federal Reserve Board s 2012 Capital Plan and Review. Key capital actions included in that Capital Plan are as follows:

Redemption in 2012 in its entirety ($1.4 billion) of our Series D Preferred Stock held by the U.S. Treasury. We redeemed 50% of the outstanding Series D Preferred Stock on March 28, 2012.

Total cumulative issuance of approximately $600 million of senior debt. As of May 1, 2012, we will have issued approximately $400 million aggregate principal amount of senior debt in 2012.

Timely redemption upon their maturity of $255 million of our senior floating rate notes due June 21, 2012, which are guaranteed under the FDIC s Temporary Liquidity Guarantee Program.

No change to the current common stock dividend of $0.01/share per quarter through 2012.

The proposed capital actions did not include the issuance of any common or preferred equity or the redemption of our Series E Preferred Stock in 2012.

The Capital Plan submitted by the Company also included certain other provisions designed to assure that Zions Bancorporation (the parent entity) has adequate liquidity at all times, including:

Not making the first installment of the Series D Preferred Stock redemption unless at least $250 million of senior debt had been issued, which condition was satisfied pursuant to our issuance of $300 million of our 4.50% Senior Notes on March 27, 2012;

Not making the second installment of the Series D Preferred Stock redemption until a total of $600 million of senior debt had been issued, including the $250 million referred to above; and

Not making the second installment of the Series D Preferred Stock redemption unless at least $500 million of capital and dividends had been returned to Zions Bancorporation (the parent entity) by its affiliate banks in 2012, which requires approval of the banks applicable primary regulators.

The Capital Plan submitted by the Company also included certain other provisions designed to assure that the Company s overall condition had not materially deteriorated, as measured by the Company s required semi-annual stress test in mid-2012 using the Company s stress scenario.

On April 24, 2012, we announced that our Board of Directors approved the issuance via an auction of up to $150,000,000 of a new series of Tier 1 Capital qualifying perpetual preferred stock, the proceeds of which we expect to use to redeem all outstanding shares of our Series E Preferred Stock. As described under Use of Proceeds, we intend to use the net cash proceeds from this offering to redeem all outstanding shares of our Series E Preferred Stock.

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THE OFFERING

Issuer	Zions Bancorporation.
Securities Offered	Depositary shares each representing a 1/40th ownership interest in a share of Series F Fixed-Rate Non-Cumulative Perpetual Preferred Stock, with a liquidation preference of $1,000 per share (equivalent to $25 per depositary share) of Zions (the Series F Preferred Stock). Each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series F Preferred Stock represented by such depositary share, to all the rights and preferences of the Series F Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).
	We may from time to time elect to issue additional depositary shares representing shares of the Series F Preferred Stock, and all the additional shares would be deemed to form a single series with the Series F Preferred Stock offered hereby.
Dividends	Dividends on the Series F Preferred Stock will be payable quarterly in arrears when, as and if declared by our board of directors or a duly authorized committee of the board at a rate per annum equal to 7.90%. Any such dividends will be distributed to holders of depositary shares in the manner described under Description of Depositary Shares Dividends and Other Distributions below.
	Dividends on the Series F Preferred Stock are non-cumulative. Accordingly, if our board of directors or a duly authorized committee of the board does not declare a dividend on the Series F Preferred Stock for any dividend period, such dividend will not accrue or be payable, and we will have no obligation to pay dividends for such dividend period, whether or not dividends on the Series F Preferred Stock are declared for any future dividend period. Our ability to declare and pay dividends is also limited by certain federal regulatory considerations, including the guidelines of the Federal Reserve applicable to bank holding companies.
Dividend Payment Dates	The 15th day of March, June, September, and December of each year, commencing on June 15, 2012. If any date on which dividends would otherwise be payable is not a business day, then the dividend payment date will be the next succeeding business day.
Redemption	The Series F Preferred Stock may be redeemed at our option, in whole or in part, on and after June 15, 2017 at a redemption price equal to $1,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. The Series F Preferred Stock may be redeemed at our option in whole prior to June 15, 2017 upon the occurrence of a regulatory capital treatment event, as described below under Description of Series F Preferred Stock Redemption, at a

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	redemption price equal to $1,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Neither the holders of Series F Preferred Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Series F Preferred Stock. The Series F Preferred Stock will not be subject to any sinking fund.
	Under the Federal Reserve s risk-based capital guidelines applicable to bank holding companies, any redemption of the Series F Preferred Stock is subject to prior approval of the Federal Reserve.
Liquidation Rights	Upon any voluntary or involuntary liquidation, dissolution or winding up of Zions, holders of shares of Series F Preferred Stock are entitled to receive out of assets of Zions available for distribution to shareholders, before any distribution of assets is made to holders of our common stock or of any other shares of our stock ranking junior as to such a distribution to the Series F Preferred Stock, a liquidating distribution in the amount of the liquidation preference of $1,000 per share (equivalent to $25 per depositary share) plus any declared and unpaid dividends, without accumulation for any undeclared dividends. Distributions will be made only to the extent of Zions assets that are available after satisfaction of all liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series F Preferred Stock (pro rata as to the Series F Preferred Stock and any other shares of our stock ranking equally as to such distribution).
Voting Rights	Holders of Series F Preferred Stock will have no voting rights, except with respect to authorizing or increasing senior stock, certain changes in the terms of the Series F Preferred Stock and in the case of certain dividend non-payments. See Description of Series F Preferred Stock Voting Rights below. Holders of depositary shares must act through the depositary to exercise any voting rights, as described under Description of Depositary Shares Voting the Series F Preferred Stock below.
Ranking	Shares of the Series F Preferred Stock will rank senior to our common stock, equally with our Series A Preferred Stock (as defined below), Series C Preferred Stock (as defined below), Series D Preferred Stock (as defined below) and Series E Preferred Stock (as defined below), and at least equally with each other series of our preferred stock that we may issue (except for any senior series that may be issued with the requisite consent of the holders of the Series F Preferred Stock and any other class or series whose vote is required) with respect to the payment of dividends and distributions upon liquidation, dissolution or winding up. We will generally be able to pay dividends and distributions upon liquidation, dissolution or winding up only out of lawfully available assets for such payment (i.e., after taking account of all indebtedness and other non-equity claims).

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Maturity	The Series F Preferred Stock does not have a maturity date, and we are not required to redeem the Series F Preferred Stock. Accordingly, the Series F Preferred Stock will remain outstanding indefinitely, unless and until we decide to redeem it and we obtain any required regulatory approval.
Preemptive and conversion rights	Holders of Series F Preferred Stock will have no preemptive or conversion rights.
Listing	We expect the depositary shares to be approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol ZBPRF .
Tax Consequences	Dividends paid to non-corporate U.S. holders in taxable years beginning before January 1, 2013 generally will be taxable at a maximum rate of 15%, subject to certain conditions and limitations. Dividends paid to corporate U.S. holders generally will be eligible for the dividends received deduction, subject to certain conditions and limitations.
Auction Process	The public offering price and the allocation of the depositary shares in this offering will be determined through an online auction process conducted by Zions Direct, an affiliate of ours, in its capacity as the auction agent. The auction will entail a modified Dutch auction mechanism in which bids must be submitted online through an auction site operated by the auction agent. After submission of a bid, the auction site will indicate whether that bid is at that time (and at all subsequent times until the auction closes) a successful one, or in-the-money. For more information about the auction process, including bidding registration and qualification matters, and how to determine if a bid is successful as of the submission deadline, see The Auction Process in this prospectus supplement.
Minimum/Maximum Bid Price	This offering will be made using an auction process in which prospective purchasers are required to bid for the depositary shares through an online auction site (or through bidders who can place bids on that site). During the auction period, bids may be placed by qualifying bidders at any price at or above the minimum bid price of $23.50 per depositary share and up to and including the maximum bid price of $25.00 per depositary share. Bids below the minimum bid price or above the maximum bid price will not be accepted.
Minimum Bid Size	One depositary share (equivalent to $25 liquidation preference).
Maximum Number of Bids	Each bidder who submits a bid directly on the auction platform is allowed to place up to five separate, concurrent bids. A bidder who submits bids indirectly through the underwriter may only place one bid at any time.
Bid Submission Deadline	We will announce the auction at approximately 4:00 p.m., New York City time, on April 30, 2012 so that prospective holders will have time to take the necessary steps to become registered qualified bidders. The auction will then commence at 3:00 p.m., New York City time, on May 1, 2012 and will close at 3:00 p.m., New York City

time, on May 2, 2012, subject to two-minute extensions not to exceed a total of fifteen minutes beyond 3:00 p.m., New York City time, on May 2, 2012, as described under The Auction Process Auction Bidding Process; Irrevocability of Bids (the submission deadline). In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately. Bidders who elect to submit bids indirectly through the underwriter rather than directly on the auction platform must submit their bids to the underwriter by 2:00 p.m., New York City time, on May 2, 2012. Zions and the underwriter may in their discretion determine to delay the commencement of the auction to a date after the date specified above at any time prior to the commencement of the auction. Any such delay will be announced by press release, and Zions will file a Form 8-K specifying the revised auction dates, if any. See The Auction Process.

Irrevocability of Bids

Bids that have been submitted will constitute an irrevocable offer to purchase the depositary shares on the terms provided for in the bid. See The Auction Process.

Market-Clearing Price

The price at which the depositary shares will be sold to the public will be the market-clearing price set by the auction process. The market-clearing price will be determined based on the valid bids at the time of the submission deadline as follows:

If the number of depositary shares for which valid bids are received is equal to or greater than 5,750,000 depositary shares ($143,750,000 aggregate liquidation preference), which we refer to as the auction amount, the market-clearing price for the depositary shares will be equal to the highest price at which the auction amount is sold. The auction agent will determine this price by moving down the list of accepted bids in descending order of bid price until the total quantity of depositary shares bid for is greater than or equal to the auction amount. Bids made at such market-clearing price may experience allocation, with bids with an earlier time stamp receiving allocations in priority to bids with later time stamps.

If valid bids are received for 50% or more of the auction amount but less than 100% of the auction amount, the market-clearing price will be equal to the minimum bid price of $23.50 per depositary share.

If at the time of the submission deadline, the number of depositary shares subject to bids is less than 50% of the auction amount, then the offering will be cancelled and we will not issue any depositary shares in this offering.

If we decide to sell depositary shares in the auction process, after we confirm acceptance of the market-clearing price, the auction agent will notify successful bidders, directly or through their brokers, that the auction has closed and that their bids have been accepted (subject

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	in some cases to the allocation method described below). The market-clearing price and number of depositary shares being sold are also expected to be announced by press release soon after the allocation of depositary shares by the auction agent, but in any event, prior to the opening of the equity markets on the business day following the end of the auction. See The Auction Process.
Number of Depositary Shares to be Sold	We may decide not to sell any depositary shares in the auction process, regardless of the market-clearing price, even if bids are received for the entire auction amount. If bids are received for 100% of the auction amount and we elect to sell depositary shares in the auction process, the entire auction amount will be allocated to the winning bidders. If the number of depositary shares for which valid bids are received is 50% or more of the auction amount but less than 100% of the auction amount, the market-clearing price will be equal to the minimum bid price and we may (but are not required to) sell the number of depositary shares subject to bids received in the auction. If at the time of the submission deadline, the number of depositary shares subject to bids is less than 50% of the auction amount, then the offering will be cancelled and we will not issue any depositary shares in this offering. See The Auction Process.
Allocation	If bids for all the depositary shares offered in this offering are received, then any bids submitted in the auction above the market-clearing price will receive allocations in full, while bids made at the market-clearing price with an earlier time stamp will receive allocations in priority to bids with a later time stamp. Thus, if your bid price equals the market-clearing price, you will be allocated depositary shares only to the extent that depositary shares have not been allocated to bidders with higher bid prices or to other bidders who bid at the market-clearing price with an earlier time stamp. See The Auction Process Allocation.
Use of Proceeds	We intend to use the net cash proceeds from this offering to redeem all outstanding shares of our Series E Preferred Stock. See Use of Proceeds.
Auction Agent	Zions Direct, Inc., an affiliate of ours.
Auction Agent Fee	$150,000.
Conflict of Interest	Zions Direct is the auction agent in connection with this offering and an affiliate of Zions Bancorporation. As such, Zions Direct has a conflict of interest in this offering within the meaning of Rule 5121 of the Conduct Rules of the Financial Industry Regulatory Authority, Inc. (FINRA). Consequently, the offering is being conducted in compliance with the provisions of Rule 5121. The sole book-running manager for this offering, Deutsche Bank Securities Inc., does not have a conflict of interest and meets the requirements of Rule 5121(f)(12)(E). Zions Direct is not permitted to place bids in this

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	offering with respect to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.
Purchases by Affiliates or for Customer Accounts	Other affiliates of ours, including Zions First National Bank s Liquid Asset Management Department, Zions First National Bank s Trust Department and/or Contango Capital Advisors, Inc., may make purchases of (or submit bids for) the depositary shares for the accounts of certain customers who have provided to such affiliate or department of such affiliate specific written instructions authorizing them to do so. In addition, certain of our officers and/or directors may also submit bids for the depositary shares. If any affiliate, officer or director of ours submits bids for the depositary shares, the market-clearing price may be higher due to the participation of such affiliate, officer or director in the auction, which may benefit us.
Risk Factors	See Risk Factors and other information included or incorporated by reference in this prospectus supplement and the attached prospectus for a discussion of factors you should consider carefully before deciding to invest in the depositary shares.
Registrar and Depositary	Zions First National Bank.

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SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data for each of the years in the five-year period ended December 31, 2011 and indicated in the table below are derived from and qualified by reference to our consolidated financial statements. You should read this data in conjunction with the financial statements, related depositary shares and other financial information incorporated by reference in this prospectus supplement. See Incorporation by Reference.

	Year Ended December 31,				
(In millions, except per share amounts)	**2011**	**2010**	**2009**	**2008**	**2007**
Consolidated Statement of Income Data					
Net interest income	$ 1,772.5	$ 1,727.4	$ 1,897.5	$ 1,971.6	$ 1,882.0
Net impairment and valuation losses on securities	(33.7)	(85.4)	(492.6)	(317.1)	(158.2)
Gains on subordinated debt modification			508.9		
Other noninterest income	515.5	525.9	787.8	507.8	570.5
Total revenue	2,254.3	2,167.9	2,701.6	2,162.3	2,294.3
Provision for loan losses	74.4	852.1	2,016.9	648.3	152.2
Noninterest expense	1,658.7	1,718.9	1,671.5	1,475.0	1,404.6
Impairment loss on goodwill			636.2	353.8	
Income (loss) before income taxes	521.2	(403.1)	(1,623.0)	(314.8)	737.5
Income taxes (benefit)	198.5	(106.8)	(401.3)	(43.4)	235.8
Net income (loss)	322.7	(296.3)	(1,221.7)	(271.4)	501.7
Net income (loss) applicable to noncontrolling interests	(1.1)	(3.6)	(5.6)	(5.1)	8.0
Net income (loss) applicable to controlling interest	323.8	(292.7)	(1,216.1)	(266.3)	493.7
Preferred stock dividends	(170.4)	(122.9)	(102.9)	(24.4)	(14.3)
Preferred stock redemption		3.1	84.6		
Net earnings (loss) applicable to common shareholders	153.4	(412.5)	(1,234.4)	(290.7)	479.4
Per Common Share					
Net earnings (loss) diluted	$ 0.83	$ (2.48)	$ (9.92)	$ (2.68)	$ 4.40
Net earnings (loss) basic	0.83	(2.48)	(9.92)	(2.68)	4.45
Common dividends declared	0.04	0.04	0.10	1.61	1.68
Book value per common share[1]	25.02	25.12	27.85	42.65	47.17
Weighted average common and common equivalent shares outstanding during the period (in thousands)	182,605	166,054	124,443	108,908	108,408
Consolidated Balance Sheet Data[1]					
Assets	$ 53,149	$ 51,035	$ 51,123	$ 55,093	$ 52,947
Net loans and leases	37,145	36,747	40,189	41,659	38,880
Deposits	42,876	40,935	41,841	41,316	36,923
Long-term debt	1,954	1,943	2,033	2,622	2,591
Shareholders equity:					
Preferred equity	2,377	2,057	1,503	1,582	240
Common equity	4,608	4,591	4,190	4,920	5,053
Noncontrolling interests	(2)	(1)	17	27	31
Total shareholders equity	6,983	6,647	5,710	6,529	5,324
Performance Ratios[1]					
Return on average assets	0.63%	(0.57)%	(2.25)%	(0.50)%	1.01%
Return on average common equity	3.32%	(9.26)%	(28.35)%	(5.69)%	9.57%
Efficiency ratio	72.92%	78.50%	61.34%	67.47%	60.53%
Net interest margin	3.81%	3.73%	3.94%	4.18%	4.43%
Capital Ratios[1]					
Total equity to assets	13.14%	13.02%	11.17%	11.85%	10.06%
Tier 1 leverage	13.40%	12.56%	10.38%	9.99%	7.37%
Tier 1 risk-based capital	16.13%	14.78%	10.53%	10.22%	7.57%
Total risk-based capital	18.06%	17.15%	13.28%	14.32%	11.68%
Tangible common equity	6.77%	6.99%	6.12%	5.89%	5.70%
Tangible equity[2]	11.33%	11.10%	9.16%	8.91%	6.23%
Ratio of Earnings to Fixed Charges[3]					
Excluding interest on deposits	2.60	(a)	(a)	(a)	2.99
Including interest on deposits	2.14	(a)	(a)	(a)	1.54

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(1) At period end.

(2) Below is a reconciliation of total shareholders equity (GAAP) to both tangible equity (non-GAAP) and tangible common equity (non-GAAP):

TANGIBLE EQUITY (NON-GAAP) AND

TANGIBLE COMMON EQUITY (NON-GAAP)

			December 31,		
(In millions)	**2011**	**2010**	**2009**	**2008**	**2007**
Total shareholders equity (GAAP)	$ 6,983	$ 6,647	$ 5,710	$ 6,529	$ 5,324
Goodwill	(1,015)	(1,015)	(1,015)	(1,651)	(2,010)
Core deposit and other intangibles	(68)	(88)	(114)	(126)	(149)
Tangible equity (non-GAAP) (a)	5,900	5,544	4,581	4,752	3,165
Preferred stock	(2,377)	(2,057)	(1,503)	(1,582)	(240)
Noncontrolling interests	2	1	(17)	(27)	(31)
Tangible common equity (non-GAAP) (b)	$ 3,525	$ 3,488	$ 3,061	$ 3,143	$ 2,894
Total assets (GAAP)	$ 53,149	$ 51,035	$ 51,123	$ 55,093	$ 52,947
Goodwill	(1,015)	(1,015)	(1,015)	(1,651)	(2,010)
Core deposit and other intangibles	(68)	(88)	(114)	(126)	(149)
Tangible assets (non-GAAP) (c)	$ 52,066	$ 49,932	$ 49,994	$ 53,316	$ 50,788
Tangible equity ratio (a/c)	11.33%	11.10%	9.16%	8.91%	6.23%
Tangible common equity ratio (b/c)	6.77%	6.99%	6.12%	5.89%	5.70%

The identified adjustments to reconcile from the applicable GAAP financial measures to the non-GAAP financial measures are included where applicable in financial results or in the balance sheet presented in accordance with GAAP. We consider these adjustments to be relevant to ongoing operating results and financial position.

We believe that excluding the amounts associated with these adjustments to present the non-GAAP financial measures provides a meaningful base for period-to-period and company-to-company comparisons, which will assist regulators, investors and analysts in analyzing the operating results or financial position of the Company and in predicting future performance. These non-GAAP financial measures are used by management and the Board of Directors to assess the performance of the Company s business or its financial position for evaluating bank reporting segment performance, for presentations of Company performance to investors, and for other reasons as may be requested by investors and analysts. We further believe that presenting these non-GAAP financial measures will permit investors and analysts to assess the performance of the Company on the same basis as that applied by management and the Board of Directors.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. Although these non-GAAP financial measures are frequently used by stakeholders to evaluate a company, they have limitations as an analytical tool, and should not be considered in isolation or as a substitute for analyses of results as reported under GAAP.

(3) For information on how these ratios are calculated, see explanation under Ratio of Earnings to Fixed Charges on page S-25.

(a) See explanation under Ratio of Earnings to Fixed Charges on page S-25.

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RISK FACTORS

An investment in the depositary shares involves certain risks. You should carefully consider the risks described below and in the accompanying prospectus, as well as the risk factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. In particular, you should carefully consider, among other things, the matters discussed below and under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the depositary shares could decline due to any of these risks, and you may lose all or part of your investment. This prospectus supplement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein.

Risks Related to the Depositary Shares and the Series F Preferred Stock

The Series F Preferred Stock is equity and is subordinate to our existing and future indebtedness.

The shares of Series F Preferred Stock are equity interests in Zions and do not constitute indebtedness. As such, the shares of Series F Preferred Stock will rank junior to all indebtedness and other non-equity claims on Zions with respect to assets available to satisfy claims on Zions, including in a liquidation of Zions. Our existing and future indebtedness may restrict payment of dividends on the Series F Preferred Stock. As of December 31, 2011, our long-term debt, Federal Home Loan Bank advances and other borrowings over one year, on an unconsolidated basis, totaled approximately $1.95 billion. In addition, the depositary shares will effectively be subordinated to all existing and future liabilities and obligations of our subsidiaries as our right to participate in any distribution of assets of any of our subsidiaries, including upon the subsidiary s liquidation, will be subject to the prior claims of creditors of that subsidiary, except to the extent that any of our claims as a creditor of such subsidiary may be recognized.

Further, the Series F Preferred Stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the limited voting rights referred to below under Risk Factors Holders of Series F Preferred Stock will have limited voting rights . Also, as a bank holding company, our ability to declare and pay dividends is dependent on certain federal regulatory considerations.

Dividends on the Series F Preferred Stock underlying the depositary shares are non-cumulative and our ability to declare dividends may be limited.

Dividends on the Series F Preferred Stock are non-cumulative. Consequently, if our board of directors or a duly authorized committee of the board does not authorize and declare a dividend for any dividend period, holders of the Series F Preferred Stock would not be entitled to receive any such dividend, such unpaid dividend will not become payable and we will have no obligation to pay dividends for such dividend period, whether or not dividends are declared for any subsequent dividend period with respect to the Series F Preferred Stock.

In addition, the depositary and registrar will rely on the funds it receives from the Series F Preferred Stock in order to make payments to you on the depositary shares. Unlike indebtedness, for which principal and interest would customarily be payable on specified due dates, in the case of the Series F Preferred Stock (i) dividends are payable only if declared by our board of directors or a duly authorized committee of the board and (ii) payments of dividends and any redemption price will be subject to restrictions regarding our lawfully available assets. Also, as a bank holding company, our ability to declare and pay dividends is dependent on certain federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends.

Investors should not expect us to redeem the Series F Preferred Stock on the date it becomes redeemable or on any particular date afterwards.

The Series F Preferred Stock is a perpetual equity security. The Series F Preferred Stock has no maturity or mandatory redemption date and is not redeemable at the option of investors. By its terms, the Series F Preferred Stock may be redeemed by us at our option either in whole or in part at any time on and after June 15, 2017 or in whole prior to June 15, 2017 upon the occurrence of certain changes relating to the regulatory capital treatment of the Series F Preferred Stock, as described below under Description of Series F Preferred Stock Redemption . Any decision we may make at any time to propose a redemption of the Series F Preferred Stock will depend upon, among other things, our evaluation of our capital position, including for bank capital ratio purposes, the composition of our shareholders equity and general market conditions at that time. In addition, our right to redeem the Series F Preferred Stock is subject to limitations established by the Federal Reserve s guidelines applicable to bank holding companies, and under current regulatory rules and regulations we would need regulatory approval to redeem the Series F Preferred Stock.

If we are deferring payments on our outstanding junior subordinated debt securities or are in default under the indentures governing those securities, we will be prohibited from making distributions on or redeeming the Series F Preferred Stock.

In addition to the fact that the Series F Preferred Stock is subordinate to our indebtedness, the terms of our outstanding junior subordinated debt securities prohibit us from declaring or paying any dividends or distributions on the Series F Preferred Stock, or redeeming, purchasing, acquiring or making a liquidation payment with respect to our Series F Preferred Stock, if we are aware of any event that would be an event of default under the indenture governing those junior subordinated debt securities or at any time when we have deferred interest thereunder.

The Series F Preferred Stock and the related depositary shares may not have an active trading market.

The Series F Preferred Stock and the related depositary shares are new issues with no established trading market. Although we plan to apply to have the depositary shares listed on the New York Stock Exchange, there is no guarantee that we will be able to list the depositary shares. Even if the depositary shares are listed, there may be little or no secondary market for the depositary shares. Even if a secondary market for the depositary shares develops, it may not provide significant liquidity, and transaction costs in any secondary market could be high. As a result, the difference between bid and asked prices in any secondary market could be substantial. Further, because the shares of Series F Preferred Stock do not have a stated maturity date, investors seeking liquidity in the depositary shares will be limited to selling their depositary shares in the secondary market. We do not expect that there will be any separate public trading market for the shares of the Series F Preferred Stock except as represented by the depositary shares.

You are making an investment decision with regard to the depositary shares as well as the Series F Preferred Stock.

As described in this prospectus supplement, we are issuing fractional interests in shares of Series F Preferred Stock in the form of depositary shares. Accordingly, the depositary will rely on the payments it receives on the Series F Preferred Stock to fund all payments on the depositary shares. You should carefully review the information in this prospectus supplement and in the accompanying prospectus regarding both of these securities.

Holders of Series F Preferred Stock will have limited voting rights.

Holders of the Series F Preferred Stock and, accordingly, holders of depositary shares have no voting rights with respect to matters that generally require the approval of voting shareholders, and have only limited voting rights as described below under Description of Series F Preferred Stock Voting Rights .

We may issue additional depositary shares representing an interest in our preferred stock, shares of preferred stock or securities convertible or exchangeable for our preferred stock and thereby materially and adversely affect the price of the depositary shares and preferred stock.

We are not restricted from issuing additional depositary shares representing an interest in our preferred stock, shares of preferred stock or securities convertible or exchangeable for our preferred stock, including in each case additional shares of preferred stock, during the life of the Series F Preferred Stock. If we issue such additional securities, it may materially and adversely affect the price of the depositary shares and/or Series F Preferred Stock.

Our results of operations depend upon the results of operations of our subsidiaries.

We are a holding company that conducts substantially all of our operations through our banking and other subsidiaries. As a result, our ability to make dividend payments on the Series F Preferred Stock will depend primarily upon the receipt of dividends and other distributions from our subsidiaries. We and certain of our subsidiaries have been unprofitable during two of the last three annual reporting periods. During the last three years, the noncash accelerated discount amortization expense caused by subordinated debt holders converting their debt to preferred stock has contributed to our lack of profitability. Future conversions of subordinated debt into preferred stock may continue to hurt our profitability. The ability of the Company and our subsidiary banks to pay dividends is restricted by regulatory requirements, including profitability and the need to maintain required levels of capital. Lack of profitability exposes us to the risk that regulators could restrict the ability of our subsidiary banks to pay dividends and, accordingly, our ability to make payments in respect of the notes. It also increases the risk that the Company may have to establish a valuation allowance against its net deferred tax asset. Some of the Company s subsidiary banks have disallowed a portion of their deferred tax asset for regulatory capital purposes.

The ability of our banking subsidiaries to pay dividends or make other payments to us is also limited by their obligations to maintain sufficient capital and by other general regulatory restrictions on their dividends. If they do not satisfy these regulatory requirements, we may be unable to pay dividends on our preferred stock, including the Series F Preferred Stock. The OCC, the primary regulator for certain of our subsidiary banks, has issued policy statements generally requiring insured banks only to pay dividends out of current operations earnings. In addition, if, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice, which could include the payment of dividends under certain circumstances, such authority may take actions requiring that such bank refrain from the practice. Payment of dividends could also be subject to regulatory limitations if a subsidiary bank were to become under-capitalized for purposes of the applicable federal regulatory prompt corrective action regulations. Under-capitalized is currently defined as having a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 4.0%, or a core capital, or leverage, ratio of less than 4.0%.

U.S. corporate holders of depositary shares may be unable to use the dividends received deduction.

Payments on the preferred shares underlying the depositary shares will be treated as dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, and may be eligible for the dividends received deduction if paid to corporate U.S. holders. Any payments on the depositary shares in excess of our current and accumulated earnings and profits will be treated first as a return of capital reducing holders tax basis in the preferred shares, and then as gain from the sale or exchange of the preferred shares. A reduction in the basis of the shares would increase any gain or reduce any loss realized on the subsequent sale, redemption or other disposition of the preferred shares. Any payments on the shares treated as a return of capital, or any gain recognized by a corporate U.S. holder on the deemed or actual sale or exchange of the preferred shares, would not be eligible for the dividends received deduction.

Although we presently have accumulated earnings and profits, we may not have sufficient current or accumulated earnings and profits during future fiscal years for the distributions on the preferred shares underlying the depositary shares to qualify as dividends for U.S. federal income tax purposes. If any distributions on the preferred shares underlying the depositary shares with respect to any fiscal year are not eligible for the dividends received deduction because of insufficient current or accumulated earnings and profits, the market value of the depositary shares may decline.

Risks Related to the Auction Process

We are distributing the depositary shares through an auction conducted by Zions Direct, our auction agent. A participant in this auction is subject to certain risks, which include the following.

The price of the depositary shares could decline rapidly and significantly following this offering.

The public offering price of the depositary shares offered hereby, which will be the market-clearing price, will be determined through an auction process conducted by the auction agent. The public offering price may bear no relation to market demand for the depositary shares after the conclusion of the auction. If there is little or no demand for the depositary shares at or above the public offering price after the conclusion of the auction, the price of the depositary shares offered hereby would likely decline following this offering. Limited or less-than-expected liquidity in the depositary shares, including less-than-expected liquidity due to a sale of less than all of the depositary shares being offered by us in the auction, if any, could also cause the trading price of the depositary shares to decline. In addition, the auction process may lead to more volatility in, or a decline in, the trading price of the depositary shares after the initial sales of the depositary shares in this offering. You should not assume you will be able to make a short-term profit by selling the depositary shares you purchase in the offering shortly after completion of the offering.

The minimum bid price and maximum bid price for the depositary shares in this offering may bear no relation to the price of the depositary shares after the offering.

We cannot assure you that the price at which the depositary shares will trade after completion of this offering will exceed the minimum bid price, or that we will succeed in selling any or all of the depositary shares at a price equal to or in excess of the minimum bid price. In addition, the maximum bid price does not constitute, and should not be taken as, a prediction that the depositary share price should, or ever will, trade that high.

The auction process for this offering may result in a phenomenon known as the winner s curse, and, as a result, investors may experience significant losses.

The auction process for this offering may result in a phenomenon known as the winner s curse. At the conclusion of the auction process, successful bidders that receive allocations of depositary shares in this offering may infer that there is little incremental demand for the depositary shares above or equal to the public offering price. As a result, successful bidders may conclude that they paid too much for the depositary shares and could seek to immediately sell their depositary shares to limit their losses should the price of the depositary shares decline in trading after the auction is completed. In this situation, other investors that did not submit successful bids may wait for this selling to be completed, resulting in reduced demand for the depositary shares in the public market and a significant decline in the price of the depositary shares. Therefore, we caution investors that submitting successful bids and receiving allocations may be followed by a significant decline in the value of their investment in the depositary shares shortly after this offering.

The auction process for this offering may result in less price-sensitive investors playing a larger role in the determination of the public offering price and constituting a larger portion of the investors in this offering, and, as a result, the public offering price may not be sustainable following the completion of this offering.

In a typical public offering of securities, a majority of the securities sold to the public are purchased by professional investors that have significant experience in determining valuations for companies in connection with such offerings. These professional investors typically have access to, or conduct their own, independent research and analysis regarding investments in such offerings. Other investors typically have less access to this level of research and analysis, and as a result, may be less sensitive to price when participating in the auction process. Because of the auction process, these less price-sensitive investors may have a greater influence in setting the public offering price (because a larger number of higher bids may cause the market-clearing price in the auction to be higher than it would otherwise have been absent such bids) and may represent a higher level of participation in this offering than is normal for other public offerings. This, in turn, could cause the auction to result in a public offering price that is higher than the price professional investors are willing to pay for the depositary shares. As a result, the price of the depositary shares may decrease after the completion of this offering. Also, because professional investors may have a substantial degree of influence on the trading price of the depositary shares over time, the price of the depositary shares may decline and not recover after this offering. In addition, if the public offering price of the depositary shares is above the level that investors determine is reasonable for the depositary shares, some investors may attempt to short sell the depositary shares after trading begins, which would create additional downward pressure on the trading price of the depositary shares.

Successful bidders may receive the full number of depositary shares subject to their bids, so potential investors should not make bids for more depositary shares than they are prepared to purchase.

Each bidder (other than bidders who submit bids indirectly through the underwriter) may submit multiple concurrent bids. However, as bids are independent, each bid may result in an allocation of the depositary shares. Allocation of the depositary shares will be determined by, first, allocating depositary shares to any bids made above the market-clearing price, and second, allocating depositary shares among bids made at the market-clearing price to the bid with the earliest time stamp, then to the bid with the next earliest time stamp and so on until all of the depositary shares being offered are allocated to bidders. If bids for all the depositary shares offered in this offering are received, the bids of successful bidders that are above the market-clearing price will be allocated all of the depositary shares represented by such bids, and only bids submitted at the market-clearing price will experience any allocation. Bids that have been submitted are final and irrevocable, and bidders who submit successful bids will be obligated to purchase the depositary shares allocated to them. Accordingly, the sum of a bidder s bid sizes should be no more than the total number of depositary shares the bidder is willing to purchase, and we caution investors against submitting a bid that does not accurately represent the number of depositary shares that they are willing and prepared to purchase. For more information on the allocation of depositary shares, see The Auction Process Allocation.

Even if you submit a bid that is equal to the market-clearing price, you may not be allocated any or all of the depositary shares for which you bid.

We will determine the offering price for the depositary shares sold pursuant to this prospectus supplement through an auction conducted by Zions Direct, our auction agent. The auction process will determine a market-clearing price for such depositary shares. The market-clearing price will be the highest offering price at which all of the depositary shares offered in the auction would be sold to bidders. For an explanation of the meaning of market-clearing price, see The Auction Process beginning on page S-42 of this prospectus supplement. If your bid price equals the market-clearing price, you will be allocated depositary shares only to the extent that depositary shares have not been allocated to bidders with higher bid prices or to other bidders who bid at the market-clearing price with an earlier time stamp. If bids for the entire auction amount are received, each bid submitted at the market-clearing price with an earlier time stamp will receive an allocation in priority to bids with a later time stamp. Moreover, if at the time of the submission deadline, the number of depositary shares subject to a bid is less than 50% of the auction amount, then the offering will be cancelled and we will not sell any depositary shares in this offering. We could also decide, in our sole discretion, not to sell any depositary shares in this offering after the market-clearing price has been determined. As a result of these factors, you may not receive an allocation for all the depositary shares for which you submit a bid.

The auction agent and the underwriter reserve the right to reject any bid and we may choose to reject all bids.

The auction agent reserves the right, in its sole discretion (subject to consultation with the underwriter as necessary), to reject any bid by bidders without brokerage accounts with the underwriter that it deems to be manipulative, mistaken or made due to a misunderstanding of the depositary shares on the part of the bidder or for any other reason it may determine. Bids submitted (i) directly by bidders with brokerage accounts with Deutsche Bank Securities Inc. (the Underwriter Bidders) may be similarly rejected by the underwriter in consultation with the auction agent and (ii) by Underwriter Bidders indirectly through the underwriter may be similarly rejected by the auction agent upon request of the underwriter. The auction agent and the underwriter reserve this right in order to preserve the integrity of the auction process. Other conditions for valid bids, including eligibility and account funding requirements of participating dealers and individuals, may vary. As a result of these varying requirements, the auction agent and the underwriter may reject a bidder s bid, even while it accepts another bidder s identical bid. See the section of this prospectus supplement entitled The Auction Process Allocation. In addition, although neither Zions nor Zions Direct is required to do so, if the market-clearing price decreases during the course of the auction, you may be requested to reconfirm your bid; if you are requested to reconfirm your bid and fail to do so in a timely manner, your bid may, in our sole discretion, be deemed to be withdrawn or accepted. We further reserve the right to, but are not obligated to, reject all bids even if we are able to sell the entire auction amount for any other reason. You will not be entitled to an allocation of depositary shares, even if your bid is in-the-money at the time the auction closes, until our auction agent has reviewed the results of the auction and informed you that your bid or bids have been accepted.

We cannot assure you that the auction will be successful or that the full number of offered depositary shares will be sold.

We may decide not to sell any depositary shares in this offering, regardless of the market-clearing price, even if bids are received for the entire auction amount. If bids are received for 100% of the auction amount and we elect to sell depositary shares in the auction process, the entire auction amount will be allocated to the winning bidders. If the number of depositary shares for which valid bids are received is 50% or more of the auction amount but less than 100% of the auction amount, the market-clearing price will be equal to the minimum bid price and we may (but are not required to) sell the number of depositary shares subject to bids received in the auction. If at the time of the submission deadline, the number of depositary shares subject to a bid is less than 50% of the auction amount, then the offering will be cancelled and we will not issue any depositary shares in this offering. The liquidity of the depositary shares may be adversely affected if less than all of the offered depositary shares are sold by us.

The auction will take place and end while debt and equity markets in the United States are still open, and, as a result, factors that you may take into account in determining the price for the depositary shares may change after you submit a bid.

The auction will commence at 3:00 p.m., New York City time, on May 1, 2012 and will close at 3:00 p.m., New York City time, on May 2, 2012, subject to two-minute extensions not to exceed a total of fifteen minutes beyond 3:00 p.m., New York City time, on May 2, 2012. In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately. Debt and equity markets in the United States will be open during the auction and after the submission deadline. As a result, factors which you may have used to determine the price at which you bid for the depositary shares for example, the price of securities of other banks or bank holding companies may change after you submit a bid.

Once you submit a bid, you may generally not revoke it.

Once you have submitted a bid, you may not subsequently lower your bid price or the number of depositary shares bid for in that bid while that bid is in-the-money . Therefore, even if circumstances arise after you have submitted a bid that make you want to decrease your original bid price or the number of depositary shares originally bid for, you will nonetheless be bound by that bid so long as it remains in-the-money.

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In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately.

In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately. Accordingly, there can be no assurance that the auction will remain open for the full scheduled time and you should carefully monitor your bids and the market-clearing price throughout the auction process.

You should not expect to sell your depositary shares for a profit after the conclusion of the offering.

As we mentioned above, we will use the auction process to determine a market-clearing price for the depositary shares offered pursuant to this prospectus supplement. However, this market-clearing price may bear little or no relationship to market demand for our depositary shares following such an offering, or the price at which the depositary shares may be sold. If there is little or no market demand for the depositary shares following the closing of the auction, the price of the depositary shares may decline. If your objective is to make a short-term profit by selling your depositary shares after the conclusion of the auction, you should not submit a bid in the auction.

Submitting bids through the underwriter, rather than directly on the Zions Direct website, or through brokers that are not the underwriter, will require that bidders comply with earlier deadlines to submit or modify their bids. In addition, bidders that submit bids indirectly through the underwriter will not be able to preserve the time stamp of earlier bids if such bidders modify their bids.

In order to participate in the auction, bidders must have an account with Deutsche Bank Securities Inc. or Zions Direct, Inc. Other brokers will need to submit their bids, either for their own account or on behalf of their customers, through Deutsche Bank Securities Inc. or Zions Direct, Inc. Potential investors and brokers that wish to submit bids in the auction and do not have an account with Deutsche Bank Securities Inc. or Zions Direct, Inc. must either establish such an account prior to bidding in the auction or cause a broker that has such an account to submit a bid through that account. Bidders who elect to submit bids indirectly through the underwriter rather than directly on the auction platform must submit their bids to the underwriter by 2:00 p.m., New York City time, on May 2, 2012, and any such bids may not be modified after such time. Brokers will also impose earlier submission or modification deadlines than that applicable to bidders bidding directly on the auction platform in order to have sufficient time to aggregate bids received from their respective customers and to transmit the aggregate bid to the auction agent or underwriter before the auction closes. As a result of such earlier submission or modification deadlines, potential investors who submit bids indirectly through the underwriter or through a broker will need to submit or modify their bids earlier than other bidders, and it may in some circumstances be more difficult for such bids to be submitted or modified. Bids that are submitted indirectly through other persons rather than directly on the auction platform may be subject to additional systematic or operational risks arising from such other persons systems or operations.

In addition, a bidder who submits bids indirectly through the underwriter may only place one bid at any time. Such bidder may increase the total number of depositary shares the bidder is bidding for and/or increase the bid price per depositary share represented by such bid, but can only do so by submitting a new bid for the total amount for which such bidder is bidding. As a result, bidders who submit bids indirectly through the underwriter, unlike bidders that submit bids directly on the Zions Direct website, will not be able to preserve the time stamp of earlier bids.

The auction agent may experience difficulties with the auction platform, which may disrupt the ability of bidders to place bids, particularly during periods of expected high volume such as those at the end of the auction.

While the auction platform has been subjected to stress testing to confirm its functionality and ability to handle numerous bidders, we cannot predict the response of the potential investors to the issuance of the depositary shares. Bidders should be aware that if enough bidders try to access the platform and submit bids

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simultaneously, there may be a delay in receiving and/or processing their bids. Bidders should be aware that auction website capacity limits may prevent last-minute bids from being received by the auction website and should plan their bidding strategy accordingly. We cannot guarantee that any submitted bid will be received, processed and accepted during the auction process.

Risks Related to the Company

We have been and could continue to be negatively affected by adverse economic conditions.

The United States and many other countries recently faced a severe economic crisis, including a major recession. These adverse economic conditions have negatively affected, and are likely to continue for some time to adversely affect, our assets, including our loans and securities portfolios, capital levels, results of operations, and financial condition. In response to the economic crisis, the United States and other governments established a variety of programs and policies designed to mitigate the effects of the crisis. These programs and policies appear to have stabilized in the United States the severe financial crisis that occurred in the second half of 2008, but adverse economic conditions continue to exist in the United States and globally. Concerns about the European Union s sovereign debt crisis have continued to cause uncertainty for financial markets globally. It is possible economic conditions may again become more severe or that adverse economic conditions may continue for a substantial period of time. In addition, economic uncertainty resulting from possible changes in the ratings of sovereign debt issued by the United States and other nations, and fiscal imbalances in the United States, at federal, state and municipal levels, in the European Union and in other countries, combined with political difficulties in resolving these imbalances, may directly or indirectly adversely impact economic conditions faced by us and our customers. Any increase in the severity or duration of adverse economic conditions, including a double-dip recession or delay in a full economic recovery, would adversely affect us.

Our ability to maintain required capital levels and adequate sources of funding and liquidity has been and may continue to be adversely affected by market conditions.

We are required to maintain certain capital levels in accordance with banking regulations and any capital requirements imposed by our regulators. We must also maintain adequate funding sources in the normal course of business to support our operations and fund outstanding liabilities. Our ability to maintain capital levels, sources of funding, and liquidity has been and could continue to be impacted by changes in the capital markets in which we operate and deteriorating economic and market conditions.

Each of our subsidiary banks must remain well-capitalized and meet certain other requirements for us to retain our status as a financial holding company. Failure to comply with those requirements could result in a loss of our financial holding company status if such conditions are not corrected within 180 days or such longer period as may be permitted by the Federal Reserve Board, although we do not believe that the loss of such status would have an appreciable effect on our operations or financial results. In addition, failure by our bank subsidiaries to meet applicable capital guidelines or to satisfy certain other regulatory requirements can result in certain activity restrictions or a variety of enforcement remedies available to the federal regulatory authorities that include limitations on the ability to pay dividends, the issuance by the regulatory authority of a capital directive to increase capital and the termination of deposit insurance by the FDIC.

Failure to effectively manage our interest rate risk, and prolonged periods of low interest rates, could adversely affect us.

Net interest income is the largest component of our revenue. The management of interest rate risk for us and our bank subsidiaries is centralized and overseen by an Asset Liability Management Committee appointed by our board. We have been successful in our interest rate risk management as evidenced by achieving a relatively stable net interest margin over the last several years when interest rates have been volatile and the rate environment challenging; however, a failure to effectively manage our interest rate risk could adversely affect us.

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Factors beyond our control can significantly influence the interest rate environment and increase our risk. These factors include competitive pricing pressures for our loans and deposits, adverse shifts in the mix of deposits and other funding sources, and volatile market interest rates subject to general economic conditions and the policies of governmental and regulatory agencies, in particular the Federal Reserve Board.

The Federal Reserve Board has stated its expectations that short-term interest rates may remain low through late 2014. Such a scenario may continue to create or exacerbate margin compression for us as a result of repricing of longer-term loans.

As a regulated entity, we are subject to capital requirements that may limit our operations and potential growth.

We are a bank holding company and a financial holding company. As such, we and our subsidiary banks are subject to the comprehensive, consolidated supervision and regulation of the Federal Reserve Board, the OCC (in the case of our national bank subsidiaries) and the FDIC, including risk-based and leverage capital ratio requirements. Capital needs may rise above normal levels when we experience deteriorating earnings and credit quality, and our banking regulators may increase our capital requirements based on general economic conditions and our particular condition, risk profile and growth plans. Compliance with the capital requirements, including leverage ratios, may limit operations that require the intensive use of capital and could adversely affect our ability to expand or maintain present business levels.

Weakness in the economy and in the real estate market, including specific weakness within the markets where our subsidiary banks do business and within certain of our loan products, has adversely affected us and may continue to adversely affect us.

Credit exposure is one of our most significant risks. The Company s level of problem credits remained relatively high as of December 31, 2011. The deterioration in credit quality that started in the latter half of 2007 has most significantly affected the construction and land development segment of our portfolio. Although virtually all of our markets and lending segments have been adversely affected by the economic recession, the distress has been mostly concentrated in construction and land development loans in the Southwest states (generally, Arizona, California, and Nevada), which markets have been particularly adversely affected by job losses, declines in residential and commercial sale volumes and real estate values, and declines in new construction activity.

If the strength of the U.S. economy in general and the strength of the local economies in which we and our subsidiary banks conduct operations decline further, this could result in, among other things, further deterioration in credit quality and/or continued reduced demand for credit, including a resultant adverse effect on the income from our loan portfolio, an increase in charge-offs and an increase in the allowance for loan and lease losses. If such developments occur, we may be required to raise additional capital.

Economic and other circumstances, including pressure to repay CPP preferred stock, may require us to raise capital at times or in amounts that are unfavorable to the Company.

The Company s subsidiary banks must maintain certain risk-based and leverage capital ratios as required by their banking regulators which can change depending upon general economic conditions and their particular condition, risk profile and growth plans. Compliance with capital requirements may limit the Company s ability to expand and have required, and may require, capital investment from Zions Bancorporation. In 2008, we issued shares of preferred stock for $1.4 billion and a warrant to purchase shares of the Company s common stock to the U.S. Treasury under the CPP. Notwithstanding that the Federal Reserve Board did not object to the capital actions contained in our Capital Plan, there may still be market, regulatory or political pressure on the Company to raise capital to enable it to redeem the remaining 50% of the Series D Preferred Stock issued to the U.S.

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Treasury under the CPP at a time or in amounts that may be unfavorable to the Company s shareholders, particularly if we were not to meet any conditions to the second installment of the Series D Preferred Stock redemption. These uncertainties and risks created by the legislative and regulatory uncertainties discussed above may themselves increase the Company s cost of capital and other financing costs.

Negative perceptions associated with our continued participation in the U.S. Treasury s CPP may adversely affect our ability to retain customers, attract investors, and compete for new business opportunities.

As mentioned above, on November 14, 2008, we issued and sold 1.4 million shares of our Series D Preferred Stock for $1.4 billion and a warrant to the U.S. Treasury as part of the CPP to purchase up to 5,789,909 shares of our common stock exercisable over a ten-year period at a price per share of $36.27. Many financial institutions that also participated in the CPP have repurchased their TARP preferred stock. Although the capital actions contained in our Capital Plan provide for us to repurchase our Series D Preferred Stock from the U.S. Treasury in 2012, and although we repurchased 50% of the Series D Preferred Stock from the U.S. Treasury on March 28, 2012, there is no assurance that we will have the funds or liquidity necessary to repurchase the remainder of such Series D Preferred Stock. Our customers, employees and counterparties in our current and future business relationships could draw negative implications regarding the strength of the Company as a financial institution based on our continued participation in the CPP. Any such negative perceptions could impair our ability to effectively compete with other financial institutions for business or to retain high performing employees. If this were to occur, our business, financial condition, and results of operations may be adversely affected.

Credit quality has adversely affected us and may continue to adversely affect us.

Credit risk is one of our most significant risks. Although most credit quality indicators continued to improve during 2011, our credit quality may continue to show weakness in some loan types and markets in which we operate in 2012 as the economic recovery progresses.

Failure to effectively manage our credit concentration or counterparty risk could adversely affect us.

Increases in concentration or counterparty risk could adversely affect us. Concentration risk across our loan and investment portfolios could pose significant additional credit risk to us due to exposures which perform in a similar fashion. The management of concentration risk is centralized and overseen by the Corporate Concentration Risk Committee, which routinely analyzes aggregate exposure, industries, and correlations. Counterparty risk could also pose additional credit risk, but it is routinely monitored and analyzed.

The regulation of incentive compensation under the Dodd-Frank Act, the EESA and the ARRA may adversely affect our ability to retain our highest performing employees.

The bank regulatory agencies have published guidance and proposed regulations which limit the manner and amount of compensation that banking organizations provide to employees. These regulations and guidance may adversely affect our ability to retain key personnel. In addition, because we have not yet repurchased the U.S. Treasury s CPP investment, we remain subject to the strict restrictions on incentive compensation contained in the ARRA. Financial institutions which have repurchased the U.S. Treasury s CPP investment are relieved of the restrictions imposed by the ARRA. Due to these restrictions, we may not be able to successfully compete with financial institutions that have repurchased the U.S. Treasury s investment to attract, retain and appropriately incentivize high performing employees. In addition, bank regulatory agencies have published guidance and proposed regulations which limit the manner and amount of compensation that banking organizations provide to employees. If we were to suffer such adverse effects with respect to our employees, our business, financial condition and results of operations could be adversely affected, perhaps materially.

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Stress testing and capital management under the Dodd-Frank Act, as well as the terms of the U.S. Treasury s CPP investment, limit our ability to increase dividends, repurchase shares of our stock, access the capital markets and impose restrictions and obligations on us.

Unless we are able to redeem the remaining Series D Preferred Stock prior to November 15, 2013, the dividends on the Series D Preferred Stock will increase substantially, from 5% to 9%. Depending on market conditions at the time, this increase in dividends could significantly impact our liquidity.

Under the stress testing and capital management standards being developed and implemented by bank regulatory agencies under the Dodd-Frank Act, as well as the terms of the U.S. Treasury s CPP investment in us, the bank regulatory agencies have additional authority and processes to require us to limit our dividends, repurchases of common stock, and access to capital markets for certain types of capital. Among other things, any increase in quarterly dividends not contemplated in our annual capital plan will require Federal Reserve Board approval. These limitations may adversely impact the Company s ability to attract nongovernmental capital.

Increases in FDIC insurance premiums may adversely affect our earnings.

During 2008 and 2009, higher levels of bank failures dramatically increased resolution costs of the FDIC and depleted the deposit insurance fund. In addition, the FDIC instituted two temporary programs to further insure customer deposits at FDIC insured banks. These programs, which were later extended by the Dodd-Frank Act, have placed additional stress on the deposit insurance fund. In order to maintain a strong funding position and restore reserve ratios of the deposit insurance fund, the FDIC has increased assessment rates of insured institutions. In addition, on November 12, 2009, the FDIC adopted a rule requiring banks to prepay three years worth of premiums to replenish the depleted insurance fund. Further, on January 12, 2010, the FDIC requested comments on a proposed rule tying assessment rates of FDIC-insured institutions to the institution s employee compensation programs. The exact requirements of such a rule are not yet known, but such a rule could increase the amount of premiums we must pay for FDIC insurance. Further, as described below, under the Dodd-Frank Act, the FDIC must undertake several initiatives that will result in higher deposit insurance fees being paid to the FDIC. For example, an FDIC final rule issued on February 7, 2011 revises the assessment system applicable to large banks and implements the use of assets as the base for deposit insurance assessments instead of domestic deposits. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. These announced increases and any future increases or required prepayments of FDIC insurance premiums may adversely impact our earnings.

The Dodd-Frank Act imposes significant new limitations on our business activities and subjects us to increased regulation and additional costs.

The Dodd-Frank Act has material implications for the Company and the entire financial services industry. The Dodd-Frank Act places significant additional regulatory oversight and requirements on financial institutions, including the Company, with more than $50 billion of assets. In addition, among other things, the Dodd-Frank Act will or potentially could:

- Affect the levels of capital and liquidity with which the Company must operate and how it plans capital and liquidity levels (including a phased-in elimination of the Company s existing trust preferred securities as Tier 1 capital);
- Subject the Company to new and/or higher fees paid to various regulatory entities, including but not limited to deposit insurance fees to the FDIC;
- Impact the Company s ability to invest in certain types of entities or engage in certain activities;
- Impact a number of the Company s business and risk management strategies;
- Regulate the pricing of certain of our products and services and restrict the revenue that the Company generates from certain businesses;

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- Subject the Company to new capital planning actions, including stress testing or similar actions and timing expectations for capital-raising;

- Subject the Company to regulation by the Consumer Financial Protection Bureau, with very broad rule-making and enforcement authorities;

- Grant authority to state agencies to enforce state and federal laws against national banks;

- Subject the Company to new and different litigation and regulatory enforcement risks; and

- Limit the amount and manner of compensation paid to executive officers and employees generally.

Because the responsible agencies are still in the process of proposing and finalizing regulations required under the Dodd-Frank Act, the full impact of this legislation on the Company, its business strategies, and financial performance cannot be known at this time, and may not be known for some time. Individually and collectively, these proposed regulations resulting from the Dodd-Frank Act may materially adversely affect the Company s business, financial condition, and results of operations.

U.S. regulatory agencies, in response to the adoption of Basel III and Title I of the Dodd-Frank Act, will require us to raise our capital and liquidity to levels that may exceed those that the market considers to be optimal.

Basel III was adopted in December 2010 by the Basel Committee on Banking Supervision, and provides an international framework for the establishment of bank capital standards. Title I of the Dodd-Frank Act requires that banking organizations of our size undergo regular stress testing of their capital, assets and profitability and authorizes bank regulatory agencies to promulgate new capital and liquidity standards. New capital and liquidity requirements are being developed by U.S. regulatory agencies in response to Basel III and the Dodd-Frank Act which are higher than previous levels. Maintaining higher capital and liquidity levels may reduce our profitability and performance measures.

We could be adversely affected by accounting, financial reporting, and regulatory and compliance risk.

The Company is exposed to accounting, financial reporting and regulatory and compliance risk. For example, the Company provides to its customers, and uses for its own capital, funding and risk management needs, a number of complex financial products and services, which require estimates, judgments and interpretations of complex and changing accounting and regulatory policies in order to provide and account for these products and services. Identification, interpretation and implementation of complex and changing accounting standards as well as compliance with regulatory requirements pose an ongoing risk.

Problems encountered by other financial institutions could adversely affect financial markets generally and have indirect adverse effects on us.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This is sometimes referred to as systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we interact on a daily basis, and therefore could adversely affect us.

The quality and liquidity of our asset-backed investment securities portfolio has adversely affected us and may continue to adversely affect us.

The Company s asset-backed investment securities portfolio includes collateralized debt obligations (CDOs) collateralized by trust preferred securities issued by bank holding companies, insurance companies, and REITs that may have some exposure to construction loan, commercial real estate, and the subprime markets and/or to other categories of distressed assets. In addition, asset-backed securities also include structured asset-

backed CDOs (also known as diversified structured finance CDOs) which have exposure to subprime and home equity mortgage securitizations. Factors beyond the Company s control can significantly influence the fair value and impairment status of these securities. These factors include, but are not limited to, defaults, deferrals, and restructurings by debt issuers, rating agency downgrades of securities, lack of market pricing of securities, or the return of market pricing that varies from the Company s current model valuations, and changes in prepayment rates and future interest rates.

The Company may not be able to utilize the significant deferred tax asset recorded on our balance sheet.

The Company s balance sheet includes a significant deferred tax asset. The largest components of this asset result from additions to our allowance for loan and lease losses for purposes of generally accepted accounting principles in excess of loan losses actually taken for tax purposes and other than temporary impairment losses taken on our securities portfolio that have not yet been realized for tax purposes by selling the securities. Our ability to continue to record this deferred tax asset is dependent on the Company s ability to realize its value through net operating loss carry-backs or future projected earnings. Loss of part or all of this asset would adversely impact tangible capital. In addition, inclusion of this asset in determining regulatory capital is subject to certain limitations. A portion of the deferred tax asset of Zions and some of its subsidiary banks has been disallowed for regulatory purposes.

Our information systems may experience an interruption or security breach.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of our information systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failure, interruption or security breach of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability.

We could be adversely affected by legal and governmental proceedings.

We are subject to risks associated with legal claims, fines, litigation, and regulatory proceedings. Our exposure to these proceedings has increased and may further increase as a result of stresses on customers, counterparties and others arising from the current economic environment; new regulations promulgated under recently adopted statutes; and the creation of new examination and enforcement bodies.

We could be adversely affected by failure in our internal controls.

A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that customers, regulators and investors may have of us. We continue to devote a significant amount of effort, time and resources to improving our controls and ensuring compliance with complex accounting standards and regulations.

We could be adversely affected as a result of acquisitions.

From time to time, we make acquisitions including the acquisition of assets and liabilities of failed banks from the FDIC acting as a receiver. The FDIC-supported transactions are subject to loan loss sharing agreements. Failure to comply with the terms of the agreements could result in the loss of indemnification from the FDIC. The success of any acquisition depends, in part, on our ability to realize the projected cost savings from the acquisition and on the continued growth and profitability of the acquisition target. We have been successful with most prior acquisitions, but it is possible that the merger integration process with an acquired company could result in the loss of key employees, disruptions in controls, procedures and policies, or other factors that could affect our ability to realize the projected savings and successfully retain and grow the target s customer base.

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USE OF PROCEEDS

The cash proceeds to us from the sale of the depositary shares will be approximately $ million (after deducting estimated underwriting discounts and commissions and estimated offering expenses). We intend to use the net cash proceeds from this offering to redeem all outstanding shares of our Series E Preferred Stock.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of December 31, 2011:

- on an actual basis, and
- as adjusted to give effect to (i) the sale of $300 million aggregate principal amount of our 4.50% Senior Notes due March 27, 2017 on March 27, 2012, (ii) the redemption of 700,000 shares of our Series D Preferred Stock from the U.S Treasury on March 28, 2012, (iii) the pending sale of $100 million aggregate principal amount of our 4.50% Senior Notes due March 27, 2017 expected to occur on May 1, 2012, (iv) the offer and sale of the depositary shares in this offering at their liquidation preference of $25.00, which is the maximum bid price (any difference between the liquidation preference and actual public offering will be reflected as a reduction in common stock) and (v) the redemption of all outstanding shares of our Series E Preferred Stock as described in Use of Proceeds.

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

	As of December 31, 2011	
	Actual	As Adjusted
	(unaudited) (in thousands, except share data)	
Federal Home Loan Bank advances and other borrowings over one year	$ 23,840	$ 23,840
Other long-term debt	1,930,622	2,313,621
Shareholders equity:		
Preferred stock, without par value, 4,400,000 shares authorized: Series A (liquidation preference $1,000 per share), 59,683 shares issued and outstanding (actual and as adjusted); Series C (liquidation preference $1,000 per share), 709,103 shares issued and outstanding (actual and as adjusted); Series D (liquidation preference $1,000 per share), 1,400,000 shares issued and outstanding (actual) and 700,000 shares issued and outstanding (as adjusted); Series E (liquidation preference $1,000 per share), 142,500 shares issued and outstanding (actual) and none issued and outstanding (as adjusted); Series F (liquidation preference $1,000), none issued and outstanding (actual) and 143,750 issued and outstanding (as adjusted)	2,377,560	1,701,158(1)
Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 184,135,388	4,163,242	4,167,904(2)
Retained earnings	1,036,590	1,001,122(2)(3)
Accumulated other comprehensive loss	(592,084)	(592,084)
Controlling interest shareholders equity	6,985,308	6,278,100
Noncontrolling interests	(2,080)	(2,080)
Total shareholders equity	6,983,228	6,276,020
Total capitalization	$ 8,937,690	$ 8,613,481

(1) Reflects the redemption on March 28, 2012 of 700,000 shares of Series D Preferred Stock, which had a carrying value of $677,652,000 as of December 31, 2011.

(2) Reflects the transfer of $4,662,000 of issuance costs from common stock to retained earnings. These costs were capitalized as a reduction of common stock in connection with the issuance of the Series E Preferred Stock. Assuming redemption of all outstanding shares of Series E Preferred Stock on June 15, 2012, the transfer of these costs will be accounted for as a preferred stock dividend.

(3) Includes accrued preferred stock dividends and accelerated discount amortization accounted for as preferred stock dividends, or a total of $30,806,000, related to the redemption of Series D Preferred Stock.

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RATIO OF EARNINGS TO FIXED CHARGES AND COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth certain information concerning our consolidated ratios of earnings to fixed charges and earnings to combined fixed charges and preferred stock dividends. For the purpose of computing the consolidated ratio of earnings to fixed charges and combined fixed charges and preferred stock dividends, earnings consist of consolidated income from continuing operations before provision for income taxes and fixed charges, and fixed charges consist of interest expense, a portion of rent expense representative of interest, trust-preferred securities related expense, and amortization of debt issuance costs.

	Year Ended December 31,				
	2011	**2010**	**2009**	**2008**	**2007**
Ratio of earnings to fixed charges:(1)					
Excluding interest on deposits	2.60	(a)	(a)	(a)	2.99
Including interest on deposits	2.14	(a)	(a)	(a)	1.54
Ratio of earnings to combined fixed charges and preferred stock dividends:(2)					
Excluding interest on deposits	1.40	(a)	(a)	(a)	2.83
Including interest on deposits	1.33	(a)	(a)	(a)	1.52

(a) Ratio is less than one; earnings are inadequate to cover fixed charges. The dollar amount of the coverage deficiency for the affected periods is presented below. The amount is the same whether including or excluding interest on deposits:

(In thousands)	Year Ended December 31,				
	2011	**2010**	**2009**	**2008**	**2007**
Coverage deficiency earnings to fixed charges:		$ (409,925)	$ (1,629,805)	$ (324,803)	
Coverage deficiency earnings to fixed charges and preferred stock dividends:		(532,809)	(1,732,774)	(349,227)	

(1) As a result of the changes discussed in connection with the as adjusted amounts in the capitalization table, these ratios would have been 2.46 and 2.06, excluding and including interest on deposits, respectively, at December 31, 2011.

(2) As a result of the changes discussed in connection with the as adjusted amounts in the capitalization table, these ratios would have been 1.57 and 1.46, excluding and including interest on deposits, respectively, at December 31, 2011.

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DESCRIPTION OF SERIES F PREFERRED STOCK

The depositary will be the sole holder of the Series F Preferred Stock, as described under Description of Depositary Shares below, and all references in this prospectus supplement to the holders of the Series F Preferred Stock mean the depositary. However, the holders of depositary shares will be entitled, through the depositary, to exercise the rights and preferences of the holders of the Series F Preferred Stock, as described under Description of Depositary Shares.

This prospectus supplement summarizes specific terms and provisions of the Series F Preferred Stock. Terms that apply generally to our preferred stock are described in the Description of Preferred Stock We May Offer section of the accompanying prospectus. The following summary of the terms and provisions of the Series F Preferred Stock does not purport to be complete and is qualified in its entirety by reference to the pertinent sections of our Restated Articles of Incorporation, as amended, which we refer to throughout this prospectus as the articles of incorporation, our bylaws, the applicable provisions of the Utah Revised Business Corporation Act, or the UBCA, and the Articles of Amendment creating the Series F Preferred Stock, which will be included as an exhibit to documents filed with the SEC.

General

Our articles of incorporation authorize us to issue 4,400,000 shares of preferred stock, without par value. We may issue preferred stock from time to time in one or more series, without shareholder approval, when authorized by our board of directors. Upon issuance of a particular series of preferred stock, our board of directors is authorized to specify:

- the number of shares to be included in the series;
- the annual dividend rate for the series and any restrictions or conditions on the payment of dividends;
- the redemption price, if any, and the terms and conditions of redemptions;
- any sinking fund provisions for the purchase or redemption of the series;
- if the series is convertible, the terms and conditions of conversion;
- the amounts payable to holders upon our liquidation, dissolution or winding up; and
- any other rights, preferences and limitations relating to the series.

The board s ability to authorize, without shareholder approval, the issuance of preferred stock with conversion and other rights may adversely affect the rights of holders of our common stock or other series of preferred stock that may be outstanding.

The Series F Preferred Stock is a single series of authorized preferred stock consisting of shares. As described in the accompanying prospectus, we may from time to time, without notice to or the consent of holders of the Series F Preferred Stock, issue additional shares of preferred stock, including additional shares of Series F Preferred Stock.

In addition, we will generally be able to pay dividends and distributions upon liquidation, dissolution or winding up only out of lawfully available assets for such payment (i.e., after taking account of all indebtedness and other non-equity claims). The Series F Preferred Stock will be fully paid and nonassessable when issued. Holders of Series F Preferred Stock will not have preemptive or subscription rights to acquire more capital stock of Zions.

The Series F Preferred Stock will not be convertible into, or exchangeable for, shares of any other class or series of stock or other securities of Zions. The Series F Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of Zions to redeem or repurchase the Series F Preferred Stock.

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Ranking

Shares of the Series F Preferred Stock will rank senior to our common stock; equally with our Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock (our Series A Preferred Stock), our 9.50% Series C Non-Cumulative Perpetual Preferred Stock (our Series C Preferred Stock), our Series D Non-Cumulative Perpetual Preferred Stock (our Series D Preferred Stock), our Series E Fixed-Rate Resettable Non-Cumulative Perpetual Preferred Stock (our Series E Preferred Stock) and at least equally with each other series of our preferred stock we may issue (except for any senior series that may be issued with the requisite consent of the holders of the Series F Preferred Stock and any other class or series whose vote is required) with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up.

During any dividend period, so long as any share of Series F Preferred Stock remains outstanding, unless the full dividends for the then-current dividend period on all outstanding shares of Series F Preferred Stock have been paid, or declared and funds set aside therefor, and we are not in default on our obligations to redeem any shares of Series F Preferred Stock that have been called for redemption:

- no dividend will be declared or paid or set aside for payment and no distribution will be declared or made or set aside for payment on any junior stock (other than a dividend payable solely in junior stock);

- no shares of junior stock will be repurchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (other than as a result of a reclassification of junior stock for or into other junior stock, or the exchange or conversion of one share of junior stock for or into another share of junior stock, and other than through the use of the proceeds of a substantially contemporaneous sale of other shares of junior stock) nor will any monies be paid to or made available for a sinking fund for the redemption of any such shares by us; and

- no shares of parity stock will be repurchased, redeemed or otherwise acquired for consideration by us otherwise than pursuant to pro rata offers to purchase all, or a pro rata portion, of the Series F Preferred Stock and such parity stock, except by conversion into or exchange for junior stock.

As used in this prospectus supplement, junior stock means our common stock and any other class or series of stock of Zions hereafter authorized and issued over which Series F Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of Zions.

On any dividend payment date for which dividends are not paid in full on the shares of Series F Preferred Stock and any parity stock, all dividends declared on shares of Series F Preferred Stock and any parity stock for payment on such dividend payment date will be declared on a proportionate basis.

As used in this prospectus supplement with respect to the Series F Preferred Stock, parity stock means our Series A Preferred Stock, our Series C Preferred Stock, our Series D Preferred Stock, our Series E Preferred Stock and any other class or series of stock of Zions that ranks on par with the Series F Preferred Stock in the payment of dividends and in the distribution of assets on any liquidation, dissolution or winding up of Zions.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, stock or otherwise) as may be determined by our board of directors or a duly authorized committee of the board may be declared and paid on our common stock and any other stock ranking equally with or junior to the Series F Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Series F Preferred Stock will not be entitled to participate in any such dividend.

Dividends

Dividends on shares of the Series F Preferred Stock will not be mandatory. Holders of Series F Preferred Stock will be entitled to receive, when, as and if declared by our board of directors or a duly authorized committee of the board, out of assets legally available for the payment of dividends under the UBCA, non-cumulative cash dividends. These dividends will be payable at a rate per annum equal to 7.90% applied to the $1,000 liquidation preference per share (equivalent to $25 per depositary share) and will be paid, if declared, quarterly in arrears on the 15th day of March, June, September and December of each year commencing on June 15, 2012. Each such date is referred to as a dividend payment date.

Dividends will be payable to holders of record of Series F Preferred Stock as they appear on our books on the applicable record date, which will be March 1, June 1, September 1 and December 1 immediately preceding the respective dividend payment date. The corresponding record dates for the depositary shares will be the same as the record dates for the Series F Preferred Stock.

A dividend period is the period from and including a dividend payment date to but excluding the next dividend payment date, except that the initial dividend period will commence on and include the original issue date of the Series F Preferred Stock to but excluding the next dividend payment date. Dividends payable on the Series F Preferred Stock will be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed in any period of less than one month. If any date on which dividends would otherwise be payable is not a business day, then the dividend payment date will be the next succeeding business day and no interest will accrue on the postponed amount from the original due date to the next day that is a business day.

Dividends on the shares of Series F Preferred Stock offered hereby will be calculated from the original issue date, which is expected to be May , 2012. If additional shares of Series F Preferred stock are issued at a future date:

- if the date is a dividend payment date, the dividends on such additional shares will be calculated from such date; and

- if the date is not a dividend payment date, the dividends on such additional shares will be calculated from the most recent dividend payment date preceding the date on which such additional shares of Series F Preferred Stock were issued.

Dividends on shares of Series F Preferred Stock will not be cumulative. Accordingly, if the board of directors or a duly authorized committee of the board does not declare a dividend on the Series F Preferred Stock for any dividend period, such dividend will not accrue or be payable, and we will have no obligation to pay dividends for such dividend period, whether or not dividends on the Series F Preferred Stock are declared for any future dividend period.

Liquidation Rights

Upon any voluntary or involuntary liquidation, dissolution or winding up of Zions, holders of the Series F Preferred Stock are entitled to receive out of assets of Zions available for distribution to shareholders, after satisfaction of liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series F Preferred Stock, before any distribution of assets is made to holders of common stock or of any of our other shares of junior stock, a liquidating distribution in the amount of the liquidation preference of $1,000 per share (equivalent to $25 per depositary share) plus declared and unpaid dividends, without accumulation of any undeclared dividends. Holders of the Series F Preferred Stock will not be entitled to any other amounts from us after they have received their full liquidating distribution.

In any such distribution, if the assets of Zions are not sufficient to pay the liquidation preferences plus declared and unpaid dividends in full to all holders of the Series F Preferred Stock and all holders of any other shares of parity stock, the amounts paid to the holders of Series F Preferred Stock and to the holders of all parity stock will be paid pro rata in accordance with the respective aggregate liquidating distribution owed to those holders. If the liquidation preference plus declared and unpaid dividends has been paid in full to all holders of Series F Preferred Stock and any other shares of parity stock, the holders of our junior stock will be entitled to receive all remaining assets of Zions according to their respective rights and preferences.

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For purposes of this section, the merger or consolidation of Zions with any other entity, including a merger or consolidation in which the holders of Series F Preferred Stock receive cash, securities or property for their shares, or the sale, lease or exchange of all or substantially all of the assets of Zions for cash, securities or other property, will not constitute a liquidation, dissolution or winding up of Zions.

Redemption

The Series F Preferred Stock is not subject to any mandatory redemption, sinking fund or other similar provisions. The Series F Preferred Stock is not redeemable prior to June 15, 2017. On and after that date (each such date, a Series F Redemption Date), the Series F Preferred Stock will be redeemable at our option, in whole or in part, at a redemption price equal to $1,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends; provided, however, if any such day is not a business day, then any shares called for redemption will be redeemed on the next succeeding day that is a business day and any payment otherwise payable on the Series F Redemption Date will be made on the next succeeding day that is a business day (without any interest or other payment in respect of such delay). Holders of Series F Preferred Stock will have no right to require the redemption or repurchase of the Series F Preferred Stock.

Notwithstanding the foregoing, within 90 days of our good faith determination that an event has occurred that would constitute a regulatory capital treatment event, we may, at our option, subject to the approval of the appropriate federal banking agency, provide notice of our intent to redeem in accordance with the procedures described below, and subsequently redeem, all (but not less than all) of the shares of Series F Preferred Stock at the time outstanding at a redemption price equal to $1,000 per share (equivalent to $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

A regulatory capital treatment event means our determination, in good faith, that, as a result of any

- amendment to, or change (including any announced prospective change) in, the laws or regulations of the United States or any political subdivision of or in the United States that is enacted or becomes effective after the initial issuance of any share of Series F Preferred Stock;

- proposed change in those laws or regulations that is announced after the issuance of any share of Series F Preferred Stock; or

- official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of any share of Series F Preferred Stock,

there is more than an insubstantial risk that we will not be entitled to treat the full liquidation value of all shares of Series F Preferred Stock then outstanding as Tier 1 capital (or its equivalent) for purposes of the capital adequacy guidelines or regulations of the appropriate federal banking agency, as then in effect and applicable, for as long as any share of Series F Preferred Stock is outstanding.

If shares of the Series F Preferred Stock are to be redeemed, the notice of redemption will be given by first class mail to the holders of record of the Series F Preferred Stock to be redeemed, mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption (provided, that if the depositary shares representing the Series F Preferred Stock are held in book-entry form through The Depository Trust Company, or DTC, we may give such notice in any manner permitted by the DTC). Each notice of redemption will include a statement setting forth:

- the redemption date;

- the number of shares of the Series F Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder;

- the redemption price;
- the place or places where the certificates evidencing shares of Series F Preferred Stock are to be surrendered for payment of the redemption price; and
- that dividends on the shares to be redeemed will cease to accrue on the redemption date.

If notice of redemption of any shares of Series F Preferred Stock has been duly given and if the funds necessary for such redemption have been set aside by us for the benefit of the holders of any shares of Series F Preferred Stock so called for redemption, then, on and after the redemption date, (i) declared but unpaid dividends will cease to accrue on such shares of Series F Preferred Stock, (ii) such shares of Series F Preferred Stock will no longer be deemed outstanding and (iii) all rights of the holders of such shares will terminate, except the right to receive the redemption price. See Description of Depositary Shares below for information about redemption of the depositary shares relating to our Series F Preferred Stock.

In case of any redemption of only part of the shares of the Series F Preferred Stock at the time outstanding, the shares to be redeemed will be selected either pro rata or in such other manner as we may determine to be fair and equitable.

Under the Federal Reserve s risk-based capital guidelines applicable to bank holding companies, any redemption of the Series F Preferred Stock is subject to prior approval of the Federal Reserve. See Risk Factors Investors should not expect us to redeem the Series F Preferred Stock on the date it becomes redeemable or on any particular date afterwards in this prospectus supplement.

Voting Rights

Except as provided below, the holders of the Series F Preferred Stock will have no voting rights.

Right to Elect Two Directors Upon Non-Payment of Dividends

If and whenever dividends on any shares of the Series F Preferred Stock or any other class or series of voting parity stock (as defined below) have not been declared and paid in an aggregate amount at least equal, as to any such class or series, to the amount of dividends payable on such class and series at its stated dividend rate for a period of six dividend periods, whether or not for consecutive dividend periods (a Nonpayment), the number of directors then constituting our board will be increased by two. Holders of all classes and series of any voting parity stock as to which a Nonpayment exists (including, if applicable, the Series F Preferred Stock) will be entitled to vote as a single class for the election of the two additional members of our board of directors (the Preferred Directors), but only if the election of any such directors would not cause us to violate the listing standards of the Nasdaq Stock Market (or any other exchange on which our securities may be listed) or the rules and regulations of any other regulatory or self-regulatory body. In addition, our board of directors will at no time include more than two Preferred Directors. As used herein, voting parity stock means the Series F Preferred Stock, the Series A Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock and each other class or series of preferred stock that ranks on parity with the Series F Preferred Stock as to payment of dividends and has voting rights similar to those described in this paragraph.

In the event of a Nonpayment, at the written request of any holder of record of at least 20% of the outstanding shares of any voting parity stock with respect to which a Nonpayment exists (including, if applicable, the Series F Preferred Stock) addressed to our Secretary at our principal office, our Secretary will call a special meeting of the holders of all voting parity stock with respect to which a Nonpayment exists for the election of the two directors (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders, in which event such election will be held at such next annual or special meeting of shareholders). So long as these voting rights have not ceased, holders of any and all voting parity stock with respect to which a Nonpayment exists (including, if applicable, the Series F Preferred Stock) voting as a single class will continue to elect such directors at each subsequent annual meeting.

If and when full dividends have been paid regularly for at least four dividend periods following a Nonpayment on any class or series of voting parity stock as to which a Nonpayment exists or existed, the foregoing voting rights will cease with respect to that class or series (subject to revesting in the event of each subsequent Nonpayment). If and when full dividends have been paid regularly for at least four dividend periods on all classes and series of voting parity stock as to which a Nonpayment exists or existed, the term of office of each Preferred Director so elected will immediately terminate and the number of directors on the board of directors will automatically decrease by two.

Any Preferred Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of all classes and series of voting parity stock with respect to which a Nonpayment then exists, voting as a single class. So long as the voting rights described above remain in effect, any vacancy in the office of a Preferred Director (other than prior to the initial election of the Preferred Directors) may be filled by the written consent of the Preferred Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding shares of voting parity stock with respect to which a Nonpayment then exists voting as a single class, with the successor to serve until the next annual meeting of shareholders. The Preferred Directors will each be entitled to one vote per director on any matter.

Other Voting Rights

So long as any shares of Series F Preferred Stock remain outstanding:

- the affirmative vote or consent of the holders of at least two-thirds of all outstanding shares of Series F Preferred Stock and any class or series of preferred stock that ranks on a parity with the Series F Preferred Stock as to payment of dividends and the distribution of assets upon liquidation, dissolution or winding-up of Zions, voting together as a class, will be required to issue, authorize or increase the authorized amount of, or to issue or authorize any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series F Preferred Stock with respect to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding-up of Zions; and

- the affirmative vote or consent of the holders of at least two-thirds of all shares of the Series F Preferred Stock at the time outstanding, voting separately as a class, will be required to amend any provisions of Zion s articles of incorporation, whether by merger, consolidation or otherwise, so as to materially and adversely affect the powers, preferences, privileges or rights of the Series F Preferred Stock, taken as a whole.

With respect to the second bullet above, the following will be deemed not to materially and adversely affect any power, preference or right of the Series F Preferred Stock:

- any increase in the amount of the authorized or issued Series F Preferred Stock or the amount of our authorized common stock or preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of any other class or series of common stock or other equity securities ranking equally with and/or junior to the Series F Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or noncumulative) and/or the distribution of assets upon liquidation, dissolution or winding up of Zions;

- any change to the number of directors or classification of or number of classes of directors; and

- the occurrence of any such amendment, whether by merger, consolidation or otherwise, so long as any of the shares of Series F Preferred Stock remains outstanding with the terms thereof materially unchanged or new shares of the surviving corporation or entity are issued with the same terms as the

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Series F Preferred Stock, in each case taking into account that upon the occurrence of this event Zions may not be the surviving entity.

Each holder of shares of Series F Preferred Stock will have one vote per share on any matter on which holders of such shares are entitled to vote, including when acting by written consent.

The foregoing voting provisions described under Right to Elect Two Directors Upon Non-Payment of Dividends and Other Voting Rights will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding shares of Series F Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been set aside by us for the benefit of the holders of the Series F Preferred Stock to effect such redemption.

Registrar

Zions First National Bank will be the registrar, dividend disbursing agent and redemption agent for the Series F Preferred Stock.

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DESCRIPTION OF DEPOSITARY SHARES

In this prospectus supplement, references to holders of depositary shares mean those who own depositary shares registered in their own names, on the books that we or the depositary maintain for this purpose, and not indirect holders who own beneficial interests in depositary shares registered in street name or issued in book-entry form through DTC. Please review the special considerations that apply to indirect holders described in the Book Entry Issuance section of this prospectus supplement and Legal Ownership and Book-Entry Issuance in the accompanying prospectus.

This prospectus supplement summarizes specific terms and provisions of the depositary shares related to our Series F Preferred Stock. Terms that apply generally to all our preferred stock issued in the form of depositary shares (including the depositary shares offered in this prospectus supplement) are described in the Description of Depositary Shares We May Offer section of the accompanying prospectus.

General

As described in the accompanying prospectus in the Description of Preferred Stock We May Offer section, we are issuing fractional interests in shares of preferred stock in the form of depositary shares. Each depositary share will represent a 1/40th ownership interest in a share of Series F Preferred Stock, and will be evidenced by a depositary receipt. The shares of Series F Preferred Stock represented by depositary shares will be deposited under a deposit agreement among Zions, Zions First National Bank, as depositary, and the holders from time to time of the depositary receipts evidencing the depositary shares. Subject to the terms of the deposit agreement, each holder of a depositary share will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series F Preferred Stock represented by such depositary share, to all the rights and preferences of the Series F Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

Immediately following the issuance of the Series F Preferred Stock, we will deposit the Series F Preferred Stock with the depositary, which will then issue the depositary shares to or on the instructions of the underwriter. Copies of the forms of deposit agreement and the depositary receipt may be obtained from us upon request and in the manner described in the Where You Can Find More Information section of the accompanying prospectus.

Dividends and Other Distributions

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series F Preferred Stock to the record holders of depositary shares relating to the underlying Series F Preferred Stock in proportion to the number of depositary shares held by the holders. The depositary will distribute any property received by it other than cash to the record holders of depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders of the depositary shares in proportion to the number of depositary shares they hold.

Record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding record dates for the Series F Preferred Stock.

The amounts distributed to holders of depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges.

Redemption of Depositary Shares

If we redeem the Series F Preferred Stock represented by the depositary shares, the depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series F Preferred

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Stock held by the depositary. The redemption price per depositary share will be equal to 1/40th of the redemption price per share payable with respect to the Series F Preferred Stock (or $25 per depositary share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. Whenever we redeem shares of Series F Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing shares of Series F Preferred Stock so redeemed.

In case of any redemption of less than all of the outstanding depositary shares, the depositary shares to be redeemed will be selected by the depositary pro rata, by lot, or in such other manner determined by us to be equitable. In any such case, we will redeem depositary shares only in increments of 40 shares and any multiple thereof.

Voting the Series F Preferred Stock

When the depositary receives notice of any meeting at which the holders of the Series F Preferred Stock are entitled to vote, the depositary will mail the information contained in the notice to the record holders of the depositary shares relating to the Series F Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series F Preferred Stock, may instruct the depositary to vote the number of the Series F Preferred Stock represented by the holder s depositary shares. To the extent possible, the depositary will vote the number of shares of the Series F Preferred Stock represented by depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares representing the Series F Preferred Stock, it will vote all depositary shares of that series held by it proportionately with instructions received to the extent permitted by the New York Stock Exchange or other applicable regulatory body.

Listing

We expect the depositary shares to be approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol ZBPRF .

Form of Preferred Stock and Depositary Shares

The depositary shares will be issued in book-entry form through DTC, as described in Book-Entry Issuance in this prospectus supplement and in Legal Ownership and Book-Entry Issuance in the accompanying prospectus. The Series F Preferred Stock will be issued in registered form to the depositary. See Description of Preferred Stock We May Offer and Description of Depositary Shares We May Offer in the accompanying prospectus.

BOOK-ENTRY ISSUANCE

DTC will act as securities depositary for all of the depositary shares. We will issue the depositary shares only as fully-registered securities registered in the name of Cede & Co. (DTC s nominee). We will issue and deposit with DTC one or more fully-registered global certificates for the depositary shares representing, in the aggregate, the total number of the depositary shares to be sold in this offering.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization under the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation under the meaning of the New York Uniform Commercial Code and a clearing agency registered under the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for equity, corporate and municipal debt securities and other securities that DTC s direct participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between participants accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, which, in turn, is owned by a number of direct participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to indirect participants such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of depositary shares within the DTC system must be made by or through direct participants, who will receive a credit for the depositary shares on DTC s records. The ownership interest of each actual purchaser of each depositary share is in turn to be recorded on the direct and indirect participants records. DTC will not send written confirmation to beneficial owners of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owners purchased depositary shares. Transfers of ownership interests in the depositary shares are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in depositary shares, unless the book-entry system for the depositary shares is discontinued.

To facilitate subsequent transfers, all depositary shares deposited by direct participants with DTC are registered in the name of DTC s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of depositary shares with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the depositary shares; DTC s records reflect only the identity of the direct participants to whose accounts such depositary shares are credited, which may or may not be beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners and the voting rights of direct participants, indirect participants and beneficial owners, subject to any statutory or regulatory requirements as is in effect from time to time, will be governed by arrangements among them.

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We will send redemption notices to Cede & Co. as the registered holder of the depositary shares. If less than all of these depositary shares are redeemed, DTC s current practice is to determine by lot the amount of the interest of each direct participant to be redeemed.

Although voting on the depositary shares is limited to the holders of record of the depositary shares, in those instances in which a vote is required, neither DTC nor Cede & Co. will itself consent or vote on depositary shares. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co. s consenting or voting rights to direct participants for whose accounts the depositary shares are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the depositary shares will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC s practice is to credit direct participants accounts, upon DTC s receipt of funds and corresponding detail information from us or our agent on the payable date in accordance with their respective holdings shown on DTC s records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participant and not of DTC, Zions or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemptions proceeds, distributions and dividend payments by Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Zions or its agent, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

DTC may discontinue providing its services as securities depositary on any of the depositary shares at any time by giving reasonable notice to us. If a successor securities depositary is not obtained, final depositary shares certificates must be printed and delivered. We may at our option decide to discontinue the use of the system of book-entry transfers through DTC (or a successor depositary). In this case, final certificates for the depositary shares will be printed and delivered.

As long as DTC or its nominee is the registered owner of the global security certificates, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all depositary shares represented by these certificates for all purposes under the instruments governing the rights and obligations of holders of depositary shares. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

- will not be entitled to have such global security certificates or the depositary shares represented by these certificates registered in their names;

- will not receive or be entitled to receive physical delivery of securities certificates in exchange for beneficial interests in global security certificates; and

- will not be considered to be owners or holders of the global security certificates or the depositary shares represented by these certificates for any purpose under the instruments governing the rights and obligations of holders of depositary shares.

We have obtained the information in this section about DTC and DTC s book-entry system from sources that we believe to be accurate, but we assume no responsibility for the accuracy of the information. We have no responsibility for the performance by DTC or its participants of their respective obligations as described in this prospectus or under the rules and procedures governing their respective operations.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences relevant to the purchase, ownership and disposition of the depositary shares. This discussion supplements the discussion of U.S. federal income taxation in the accompanying prospectus under United States Taxation Taxation of Preferred Stock and Depositary Shares . The summary is limited to taxpayers who purchase the depositary shares in the initial offering at the initial offering price and who will hold the depositary shares as capital assets. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our depositary shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a person that purchases or sells the depositary shares as part of a wash sale for U.S. federal income tax purposes;
- a trader in securities that has elected the mark-to-market method of accounting for its securities;
- a person liable for alternative minimum tax;
- a person who owns 10% or more of our voting stock;
- a partnership or other pass-through entity for U.S. federal income tax purposes; or
- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar.

The following summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations and judicial or administrative authority, all of which are subject to change, possibly with retroactive effect. State, local and foreign tax consequences are not summarized. In addition, this section is based in part upon the representations of the depositary and the assumptions that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. You are a U.S. holder if you are a beneficial owner of depositary shares for U.S. federal income tax purposes and you are:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to U.S. federal income tax regardless of its source, or
- a trust if a U.S. court can exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

You are a non-U.S. holder if you are a beneficial owner of depositary shares for U.S. federal income tax purposes and you are:

- a nonresident alien individual,
- a foreign corporation, or
- an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from the depositary shares relating to our Series F Preferred Stock.

If a partnership holds depositary shares, the tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. If you are a partner in a partnership holding depositary shares, you should consult your tax advisor with regard to the U.S. federal income tax treatment of an investment in the depositary shares.

You should consult your own tax advisor regarding the U.S. federal, state and local and other tax consequences of owning and disposing depositary shares in your particular circumstances.

In general, and taking into account earlier assumptions, beneficial owners of depositary shares will be treated as owners of the underlying Series F Preferred Stock for U.S. federal income tax purposes.

U.S. Holders

Dividends

Dividends on the Series F Preferred Stock will be dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, and will be taxable as ordinary income. Although we expect that our current and accumulated earnings and profits will be such that all dividends paid with respect to the Series F Preferred Stock will qualify as dividends for U.S. federal income tax purposes, we cannot guarantee that result. Our accumulated earnings and profits and our current earnings and profits in future years will depend in significant part on our future profits or losses, which we cannot accurately predict. To the extent that the amount of any dividend paid on a share of Series F Preferred Stock exceeds our current and accumulated earnings and profits attributable to that share, the dividend will be treated first as a return of capital and will be applied against and reduce your adjusted tax basis (but not below zero) in that share of Series F Preferred Stock. This reduction in basis would increase any gain or reduce any loss realized by you on the subsequent sale, redemption or other disposition of your Series F Preferred Stock. The amount of any such dividend in excess of your adjusted tax basis will then be taxed as capital gain from the sale or exchange of your Series F Preferred Stock. For purposes of the remainder of this discussion, it is assumed that dividends paid on the Series F Preferred Stock will constitute dividends for U.S. federal income tax purposes.

If you are a corporation, dividends that are received by you will generally be eligible for a 70% dividends-received deduction under the Code. However, the Code disallows this dividends-received deduction in its entirety if the Series F Preferred Stock with respect to which the dividend is paid is held by you for less than 46 days during the 91-day period beginning on the date which is 45 days before the date on which the Series F Preferred Stock became ex-dividend with respect to such dividend.

Under current law, if you are an individual, dividends generally will be subject to a reduced maximum tax rate of 15% if you receive them in a taxable year beginning before January 1, 2013, after which the rate applicable to dividends is scheduled to return to the tax rate generally applicable to ordinary income. The rate reduction will not apply to dividends received to the extent that you elect to treat the dividends as investment income, which may be offset by investment expense. Furthermore, the rate reduction will also not apply to dividends that are paid to you with respect to Series F Preferred Stock that is held by you for less than 61 days during the 121-day period beginning on the date which is 60 days before the date on which the Series F Preferred Stock became ex-dividend with respect to such dividend.

In general, for purposes of meeting the holding period requirements for both the dividends-received deduction and the reduced maximum tax rate on dividends described above, you may not count towards your holding period any period in which you (a) have the option to sell, are under a contractual obligation to sell, or have made (and not closed) a short sale of Series F Preferred Stock or substantially identical stock or securities, (b) are the grantor of an option to buy Series F Preferred Stock or substantially identical stock or securities or (c) otherwise have diminished your risk of loss by holding one or more other positions with respect to substantially similar or related property. In general, a taxpayer has diminished its risk of loss on stock by holding a position in substantially similar or related property if the taxpayer is the beneficiary of a guarantee, surety agreement, or similar arrangement that provides for payments that will substantially offset decreases in the fair market value of the stock. In addition, the dividends-received deduction as well as the reduced maximum tax rate on dividends are disallowed if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You are advised to consult your own tax advisor regarding the implications of these rules in light of your particular circumstances.

You should consider the effect of section 246A of the Code, which reduces the dividends-received deduction allowed with respect to debt-financed portfolio stock. The Code also imposes a 20% alternative minimum tax on corporations. In some circumstances, the portion of dividends subject to the dividends-received deduction will serve to increase a corporation s minimum tax base for purposes of the determination of the alternative minimum tax. In addition, a corporate shareholder may be required to reduce its basis in stock with respect to certain extraordinary dividends , as provided under section 1059 of the Code. You should consult your own tax adviser in determining the application of these rules in light of your particular circumstances.

Dispositions, Including Redemptions

A sale, exchange or other disposition of Series F Preferred Stock will generally result in gain or loss equal to the difference between the amount realized upon the disposition and your adjusted tax basis in the Series F Preferred Stock, which will generally equal your purchase price for the Series F Preferred Stock, subject to reduction (if applicable) as described under the caption Dividends above. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if your holding period for the Series F Preferred Stock exceeds one year. Long-term capital gain recognized by a non-corporate U.S. holder is eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

A redemption of Series F Preferred Stock for cash will be treated as a sale or exchange if it (1) results in a complete termination of a your interest in our stock or (2) is not essentially equivalent to a dividend with respect to you, both within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, stock considered to be owned by you by reason of certain constructive ownership rules, as well as shares actually owned by you, must generally be taken into account. If a particular U.S. holder of depositary shares does not own (actually or constructively) any additional stock, or owns only an insubstantial percentage of our outstanding stock, and does not participate in our control or management, a redemption of the Series F Preferred Stock of such holder will generally qualify for sale or exchange treatment. Otherwise, the redemption may be taxable as a dividend. Because the determination as to whether any of the alternative tests of Section 302(b) of the Code will be satisfied with respect to any particular U.S. holder of the depositary shares relating to our Series F Preferred Stock depends upon the facts and circumstances at the time that the determination must be made, prospective U.S. holders of the depositary shares relating to our Series F Preferred Stock are advised to consult their own tax advisors regarding the tax treatment of a redemption. If a redemption of Series F Preferred Stock is treated as an exchange, it will be taxable as described in the preceding paragraph. If a redemption is treated as a distribution, the entire amount received will be treated as a distribution and will be taxable as described under the caption Dividends above.

Redemption Premium

Under section 305 of the Code, preferred stock that may be redeemed at a price higher than its issue price (in excess of a de minimis amount equal to 0.25 percent of its redemption price multiplied by the number of complete years to the earliest possible redemption date) may be treated as issued with redemption premium. The amount of such redemption premium could be treated as a constructive distribution that would be required to be taken into account under principles similar to those relating to original issue discount in the context of debt securities, as described under United States Taxation Taxation of Debt Securities United States Holders Original Issue Discount in the accompanying prospectus. Under applicable Treasury Regulations, such treatment is required in the case of callable preferred stock (such as the Series F Preferred Stock) only if, based

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on all of the facts and circumstances as of the issue date, redemption pursuant to the call right is more likely than not to occur. The Treasury Regulations also provide a safe harbor pursuant to which an issuer s right to redeem will not be treated as more likely than not to occur if (i) the issuer and the purchaser of the preferred stock are not related parties; (ii) there are no plans, arrangements or agreements that effectively require or are intended to compel the issuer to redeem the preferred stock; and (iii) exercise of the issuer s right to redeem would not reduce the yield of the preferred stock. While there can be no assurance in this regard, we believe that constructive distribution treatment of the redemption premium on the Series F Preferred Stock, if any, should not be required. You should consult your tax advisor with regard to the U.S. federal income tax treatment of an investment in the depositary shares if you purchase the depositary shares in this offering for less than $25 per depositary share (subject to the de minimis exception described above).

Non-U.S. Holders

The discussion in this section is addressed to non-U.S. holders of the depositary shares.

Dividends

Generally, dividends paid to a non-U.S. holder with respect to the depositary shares will be subject to U.S. federal income and withholding tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty (provided the non-U.S. holder furnishes the payor with a properly completed IRS Form W-8BEN or an acceptable substitute form certifying that such holder is eligible for treaty benefits), unless the dividends are effectively connected with a trade or business carried on by the non-U.S. holder within the United States (and the non-U.S. holder provides the payor with a properly completed Form W-8ECI or an acceptable substitute form). Dividends that are effectively connected with such trade or business (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment maintained by the non-U.S. holder) will generally be subject to U.S. federal income tax on a net basis at applicable individual or corporate rates and, in the case of a non-U.S. holder which is a corporation, may be subject to a branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder eligible for a reduced rate of U.S. withholding tax pursuant to an applicable income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

Dispositions

A non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on gain realized on the sale, exchange or redemption of the depositary shares so long as:

- the gain is not effectively connected with a U.S. trade or business of the holder (or if a tax treaty applies, the gain is not attributable to a U.S. permanent establishment maintained by such non-U.S. holder);

- in the case of a nonresident alien individual, such holder is not present in the United States for 183 or more days in the taxable year of the sale or disposition (in which case the gain may be subject to tax if certain other conditions are met); and

- we are not and have not been a U.S. real property holding corporation for U.S. federal income tax purposes of which such non-U.S. holder held, directly or indirectly, at any time during the five-year period ending on the date of disposition, more than 5% of our common stock and are not eligible for any treaty exemption.

If you are a corporate non-U.S. holder, effectively connected gains that you recognize may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or at a lower rate if you are

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eligible for the benefits of an income tax treaty that provides for a lower rate. We have not been, are not and do not anticipate becoming a U.S. real property holding corporation for U.S. federal income tax purposes.

Withholdable Payments to Foreign Financial Entities and Other Foreign Entities

A 30% withholding tax would be imposed on certain payments that are made to certain foreign financial institutions, investment funds and other non-U.S. persons that fail to comply with information reporting requirements in respect of their direct and indirect United States shareholders and/or United States accountholders. Such payments would include dividends on the depositary shares relating to our Series F Preferred Stock and the gross proceeds from the sale or other disposition of the depositary shares relating to our Series F Preferred Stock. Under administrative guidance and proposed regulations, withholding would only apply to payments of dividends made on or after January 1, 2014, and to payments of gross proceeds from a sale or other disposition of our depositary shares relating to our Series F Preferred Stock made on or after January 1, 2015.

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THE AUCTION PROCESS

The following describes the auction process used to determine the public offering price of the depositary shares in this offering. The auction process differs from methods traditionally used in other underwritten public offerings. Zions, the auction agent and the underwriter will determine the public offering price, and the auction agent and the underwriter will determine the allocation of the depositary shares, in this offering by an online auction process conducted by Zions Direct in its capacity as the auction agent. This process will involve a modified Dutch auction mechanism in which the auction agent will receive and accept irrevocable bids from bidders at or above the minimum bid price of $23.50 per depositary share and up to and including the maximum bid price of $25.00 per depositary share. After the auction closes, the auction agent will determine the market-clearing price for the sale of the depositary shares offered by this prospectus supplement and, if we choose to proceed with the offering, the auction agent and the underwriter will allocate depositary shares to the successful bidders. The market-clearing price for the depositary shares may bear little or no relationship to the price that would be established using traditional valuation methods. You should carefully consider the risks described under Risk Factors Risks Related to the Auction Process in this prospectus supplement.

General

We will determine the public offering price of the depositary shares in this offering through an auction, which will be conducted by Zions Direct, the auction agent. We will announce the auction at approximately 4:00 p.m., New York City time, on April 30, 2012 so that prospective holders will have time to take the necessary steps to become registered qualified bidders as described below. Unless delayed prior to commencement, the auction will commence at 3:00 p.m., New York City time, on May 1, 2012, and will end at 3:00 p.m., New York City time, on May 2, 2012, subject to two-minute extensions not to exceed a total of fifteen minutes beyond 3:00 p.m., New York City time, on May 2, 2012, described under Auction Bidding Process; Irrevocability of Bids. In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately.

The auction will be held on the website www.auctions.zionsdirect.com, which also contains the rules that govern the auction. The following describes how the auction agent will conduct the auction. We reserve the right to change the rules that govern the auction.

None of the underwriter, the auction agent or we have undertaken any efforts to qualify the depositary shares for sale in any jurisdiction outside the United States. Except to the limited extent that this offering will be open to certain non-U.S. investors under private placement exemptions in certain countries other than the United States, investors located outside the United States should not expect to be eligible to participate in this offering.

The auction agent and/or Deutsche Bank Securities Inc. may contact potential investors with information about the auction and how to participate and may solicit bids from prospective investors via telephone, e-mail or other electronic communication.

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Date, Time and Location of the Auction

The auction will commence at 3:00 p.m., New York City time, on May 1, 2012, and will end at 3:00 p.m., New York City time, on May 2, 2012. Such period of time may be extended as described under Auction Bidding Process; Irrevocability of Bids. In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately. The auction will be hosted on the internet website www.auctions.zionsdirect.com. Zions and the underwriter may in their discretion determine to delay the commencement of the auction to a date after the date specified above at any time prior to the commencement of the auction. Any such delay will be announced by press release, and Zions will file a Form 8-K specifying the revised auction dates, if any.

Registration and Qualification of Bidders; Suitability

Our objective is to conduct an auction in which you submit informed bids.

You may submit bids for the depositary shares in two ways: directly through the auction site or indirectly through the underwriter or other brokers. Prospective bidders that want to bid for our depositary shares directly through the auction site will be required to have a brokerage account with Zions Direct or the underwriter. Although there is no maximum bid size for the auction, individual bid limits will be set for bidders by the auction agent (other than Underwriter Bidders). Underwriter Bidders must obtain a bidder ID and password from the underwriter, unless they elect to bid indirectly through the underwriter. Prospective bidders (other than Underwriter Bidders) who want to bid for more than their individual bid limit may contact the auction agent by telephone at (800) 524-8875 to request a greater individual bid limit. Any decision to increase a bidder s individual bid limit, upon such request, will be in the auction agent s discretion. To ensure that the auction agent has adequate time to consider any such request, such request must be made prior to the start of the auction. A bidder may be required to submit specified financial information, including account information and tax identification numbers, in order to increase such bidder s individual bid limit and to establish the bidder s suitability for a larger investment in the depositary shares. The auction agent may contact a bidder (other than an Underwriter Bidder) to request any other pertinent information that is required to establish the individual bid limit and the suitability of such bidder.

As described below under Auction Bidding Process; Irrevocability of Bids, each bidder who submits a bid directly on the auction platform is allowed to place up to five separate, concurrent bids. However, a bidder will not be able to successfully place aggregate in-the-money bids (as described under Auction Bidding Process; Irrevocability of Bids) that exceed the bidder s individual bid limit, if any. Any bids submitted that would cause a bidder to exceed such bidder s individual bid limit will only be accepted to the extent such bid is within such bid limit. A bidder who submits bids indirectly through the underwriter may only place one bid at any time. If such bidder s bid is in-the-money, such bidder may increase the total number of depositary shares the bidder is bidding for and/or increase the bid price per depositary share represented by such bid, but can only do so by submitting a new bid for the total amount for which such bidder is bidding.

We caution you that the depositary shares may not be a suitable investment for you even if you qualify to participate in the auction. Moreover, even if you qualify to participate in the auction and place a bid, you may not receive an allocation of depositary shares in the offering for a number of reasons described below.

In order to participate in the auction, a prospective bidder who elects to bid directly on the auction platform must (1) open a brokerage account with the underwriter or Zions Direct, (2) register to have a bidding account and (3) satisfy and agree to the applicable terms and conditions of the auction in order to become a qualified bidder. Prospective bidders will be required to answer certain questions that indicate that such bidder has accessed or received the offering materials and understands the risk of investing in our depositary shares and that our depositary shares are suitable for such bidder. In addition, by registering to bid in the auction, a prospective bidder represents and warrants to us that such bidder s bid is submitted for and on behalf of such prospective

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bidder by himself, herself or itself, as applicable, or by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract with respect to the bid for, and purchase of, the depositary shares. Prospective bidders that have or open a brokerage account with the underwriter may also participate in the auction by electing to bid indirectly through the underwriter.

STEP 1: Open a brokerage account

Individuals and institutions, including brokers, who wish to participate in the auction must have a brokerage account with the underwriter or Zions Direct prior to bidding in the auction. Brokers will need to submit their bids, either for their own account or on behalf of their customers, through the underwriter or Zions Direct.

STEP 2: Become a registered bidder

Individuals and institutions, including brokers, who wish to participate directly in the auction must have a bidding account. Individuals and institutions that have or open a brokerage account with the underwriter may obtain a bidder ID and password from the underwriter (provided that they meet the suitability standards established by the underwriter). Other individuals and institutions that have or open a brokerage account with Zions Direct can open a bidding account and obtain a bidder ID and password by going to the website https://auctions.zionsdirect.com/user/register, filling in minimal contact information and submitting the bidder registration form electronically. During the registration process, each prospective bidder (other than Underwriter Bidders) will select a bidder ID, and password to access the bid page on www.auctions.zionsdirect.com and to submit bids in the auction. Institutions can also apply to open a bidding account by calling (800) 524-8875. After successfully submitting a bidder registration form or obtaining a bidder ID and password from the underwriter, a prospective bidder becomes a registered bidder for the auction for the depositary shares. The auction agent will confirm by e-mail a prospective bidder s successful registration (other than Underwriter Bidders). A prospective bidder is not obligated to submit a bid in the auction simply because that bidder has registered to bid in the auction.

STEP 3: Become a qualified bidder

After logging into the bidder s bidding account and selecting the depositary shares auction, bidders who wish to participate directly in the auction must qualify to participate in the depositary shares auction. For such prospective bidders to qualify to bid in the depositary shares auction, they must (1) make certain acknowledgements regarding access or receipt of documents pertinent to the depositary shares auction, (2) verify certain suitability questions relating to an investment in the depositary shares and (3) if they are not an Underwriter Bidder, authorize and direct the broker/dealer through which they will hold the depositary shares purchased in the auction to update their suitability profile, if necessary. Such review, verification, certification and authorization are acknowledged by clicking on the corresponding checkboxes and by clicking on I Agree on the webpage that appears when accessing the auction. Such certification and authorization is a requirement for bidders (other than Underwriter Bidders) to qualify to participate directly in the depositary shares auction. Once updated, a bidder s suitability profile will remain so updated after the auction in the bidder s broker/dealer account through which the bidder will hold the depositary shares purchased in the auction, and will not be further updated unless such bidder contacts the broker/dealer through which it will hold any securities purchased in an auction to provide further updates. By satisfying and accepting the terms and conditions of the securities auction and authorizing updates in the suitability profile if necessary, a bidder becomes able to participate directly in the depositary shares auction.

Individuals and institutions that elect to bid indirectly through the underwriter do not have to complete Steps 2 and 3 described above in order to participate in the auction; however, they must have a brokerage account with the underwriter prior to bidding in the auction.

Each prospective bidder will be solely responsible for making necessary arrangements to access www.auctions.zionsdirect.com for purposes of directly submitting its bid, or with the underwriter for purposes of indirectly submitting a bid, in a timely manner and in compliance with the requirements described in this prospectus supplement.

Zions, the underwriter and the auction agent do not have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and none of Zions, the underwriter or the auction agent will be responsible for a bidder s failure to register to bid or for proper operation of www.auctions.zionsdirect.com, or have any liability for any delays or interruptions of, or any damages caused by, www.auctions.zionsdirect.com.

Interested investors may also submit bids to purchase depositary shares through a broker (other than the underwriter) with which such investor has a brokerage account. Brokers (other than the underwriter) that wish to directly submit bids on the auction platform, either for their own account or on behalf of their customers, must first qualify and register as described above.

Each broker that submits bids through the auction site will be required to establish and enforce client suitability standards, including eligibility, account status and size, to evaluate whether an investment in the depositary shares is appropriate for any particular investor. Each of them, including the underwriter, will individually apply its own standards in making that determination, but in each case those standards will be implemented in accordance with the applicable requirements and guidelines of FINRA. If you do not meet the relevant suitability requirements, you will not be able to bid in the auction. Accounts at the underwriter, Zions Direct or any other broker are also subject to the customary rules of those institutions. You should contact your brokerage firm to better understand how you may submit bids in the auction.

Auction Bidding Process; Irrevocability of Bids

The auction will be open from 3:00 p.m., New York City time, on May 1, 2012 until 3:00 p.m., New York City time, on May 2, 2012, unless delayed prior to commencement. Such period of time may be extended as described below. In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately. Bids must be submitted electronically at www.auctions.zionsdirect.com. Each prospective bidder will be solely responsible for registering to bid at www.auctions.zionsdirect.com as described above.

Unless you elect to bid indirectly through the underwriter, you will not be able to bid in the auction unless you have registered on www.auctions.zionsdirect.com as described above under Registration and Qualification of Bidders; Suitability. Each bidder will be able to access the auction from 3:00 p.m., New York City time, on May 1, 2012 until 3:00 p.m., New York City time, on May 2, 2012 using the bidder ID and password obtained at the time of registration. Bidders who elect to submit bids indirectly through the underwriter rather than directly on the auction platform must submit their bids to the underwriter by 2:00 p.m., New York City time, on May 2, 2012. In the event that the market-clearing price reaches the maximum bid price prior to 3:00 p.m., New York City time, on May 2, 2012, then the auction will close immediately.

The minimum size of a bid is one depositary share (equivalent to $25 liquidation preference). There is no maximum bid size. You will only be allowed to bid for a whole number of depositary shares. The auction agent reserves the right, in its sole discretion (subject to consultation with the underwriter as necessary), to reject any bid by bidders without brokerage accounts with the underwriter that it deems to be manipulative, mistaken or made due to a misunderstanding of the depositary shares on the part of the bidder or for any other reason it may determine. Bids submitted (i) directly by Underwriter Bidders may be similarly rejected by the underwriter in consultation with the auction agent and (ii) by Underwriter Bidders indirectly through the underwriter may be similarly rejected by the auction agent upon request of the underwriter. The auction agent and the underwriter reserve this right in order to preserve the integrity of the auction process.

Bidding for depositary shares will be on the basis of the price that you are willing to pay. The auction site will permit you to place irrevocable bids at or above the minimum bid price of $23.50 per depositary share and up to and including the maximum bid price of $25.00 per depositary share. Bidders who elect to submit bids indirectly through the underwriter rather than directly on the auction platform may submit their bids, on the same basis as described above in this paragraph to the underwriter by 2:00 p.m., New York City time, on May 2, 2012.

Your bid will be binding on you once you submit it in accordance with the provisions described below. You will not thereafter be able to retract or cancel that bid. The auction agent will rely on your bid in setting the public offering price and in sending notices of acceptance to successful bidders. Once you have submitted a bid (whether directly or through the underwriter), you may not then lower the bid price or lower the number of depositary shares bid for while that bid is in-the-money. You may increase the number of depositary shares you are bidding for and you will be able to increase the bid price per depositary share that you are willing to pay. However, if you wish to increase the number of depositary shares for which you are bidding without improving the price, you must use an additional bid row in order to preserve the time stamp of your earlier bid (unless you are a bidder who submit bids indirectly through the underwriter, in which case you will not be able to preserve the time stamp of your earlier bids). If your bid is or becomes out-of-the-money, you will be able to:

- increase or decrease the number of depositary shares you are bidding for (subject to your individual bid limit, if any); and/or

- increase the bid price per depositary share that you are willing to pay.

Each bidder who submits a bid directly on the auction platform may place up to five separate, concurrent bids. Each bid may be made for different numbers of depositary shares and for different bid prices. A bidder who has one active bid will be able to bid up to his individual bid limit in that one bid. However, if a bidder has more than one active bid, the aggregate amount of in-the-money bids (as described below) cannot exceed that bidder s individual bid limit. Any bids submitted that would cause a bidder to exceed such bidder s individual bid limit will only be accepted to the extent such bid is within such bid limit. A bidder who submits bids indirectly through the underwriter may only place one bid at any time. Such bidder may increase the total number of depositary shares the bidder is bidding for and/or increase the bid price per depositary share represented by such bid, but can only do so by submitting a new bid for the total amount for which such bidder is bidding. As a result, bidders who submit bids indirectly through the underwriter will not be able to preserve the time stamp of earlier bids.

The individual bid limit for any given bidder (other than Underwriter Bidders) is allocated first to the highest price per unit bid by such bidder multiplied by the number of depositary shares bid at that price. Any remaining individual bid limit for that bidder is then allocated to the next highest price per unit bid by such bidder multiplied by the number of depositary shares bid at that price, and so on until the individual bid limit assigned to that bidder has been reached. The bids of a bidder who has placed multiple bids may be deemed to be in-the-money only to the extent that (i) the bid price is at or above the market-clearing price and (ii) the aggregate dollar amount of the multiple bids that are in-the-money is less than or equal to that bidder s individual bid limit, if any. In short, the maximum number of depositary shares that a bidder may be allocated will be those depositary shares designated as in-the-money by the auction website.

Each separate in-the-money bid may be modified as described above in order to increase the number of depositary shares bid for or to increase the bid price. There is no limit to the number of times that a bidder may improve an individual bid. In no event will a bidder be allowed to submit or modify a bid in a manner that would result in a reduction in that bidder s aggregate number of depositary shares that are currently designated as in-the-money. A modification of one bid does not modify any other bid. Because each bid is independent of any other bid, each bid may result in an allocation of depositary shares; consequently, the sum of a bidder s bid sizes should be no more than the total number of depositary shares the bidder is willing to purchase.

You should consider all the information in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference in determining whether to submit a bid, the number of depositary shares you are interested in purchasing and your bid price.

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In connection with submitting a bid directly on the auction platform, you must log on to www.auctions.zionsdirect.com and do the following:

- state the number of depositary shares that you are interested in purchasing;
- state the purchase price per depositary share at which you are willing to purchase the depositary shares; and
- review your bid to ensure accuracy and then confirm that bid.

Submitting a bid is a two step process. First, bidders click Submit on the bid page. Second, after reviewing their bid to ensure that it is correct, bidders must confirm their bid by checking the I confirm the bid shown in the table above box and then clicking Confirm on the confirmation page before the system will accept the bid and it becomes official, binding and irrevocable.

Once a bidder submits a bid to www.auctions.zionsdirect.com, that bid will constitute an irrevocable offer to purchase the depositary shares (except as set forth above) on the terms provided for in the bid. By submitting a bid directly on the auction platform, a bidder agrees to receive all notifications required by law or regulation or provided for by the terms and conditions under which the depositary shares are purchased and owned electronically at the last electronic address the bidder had provided.

The underwriter or Zions Direct may require you to deposit funds or securities in your brokerage accounts with value sufficient to cover the aggregate dollar amount of your bids. Bids may be rejected if you do not provide the required funds or securities within the required time. The underwriter or Zions Direct may, however, decide to accept successful bids regardless of whether you have deposited funds or securities in your brokerage accounts. In any case, if you are a successful bidder, you will be obligated to purchase the depositary shares allocated to you in the allocation process and will be required to deposit funds in your brokerage accounts prior to settlement, which is expected to occur within three business days after the allocation of depositary shares following completion of the auction.

Bidders bidding directly on the auction platform will be able to monitor the status of their bids as described more fully below. Bids submitted on www.auctions.zionsdirect.com must be received before 3:00 p.m., New York City time, on May 2, 2012, unless the auction is extended as described in the next paragraph. Bids submitted through the underwriter must be received before 2:00 p.m., New York City time, on May 2, 2012.

During the final two minutes of the auction, if there is a change in the market-clearing price, the auction will automatically be extended two minutes from the time of such change. In no event will such two-minute extensions extend the auction more than a total of fifteen minutes beyond 3:00 p.m., New York City time, on May 2, 2012.

While the auction platform has been subjected to stress testing to confirm its functionality and ability to handle numerous bidders, we cannot predict the response of the potential investors to any issuance of depositary shares pursuant to this prospectus supplement. Bidders should be aware that if enough bidders try to access the platform and submit bids simultaneously, there may be a delay in receiving and/or processing their bids. Bidders should be aware that auction website capacity limits may prevent last-minute bids from being received by the auction website and should plan their bidding strategy accordingly. We cannot guarantee that any submitted bid will be received, processed and accepted during the auction process.

The auction will be an open auction, with bidders bidding directly on the auction platform being updated on the status of their bids relative to other bidders, as described in this paragraph. At no point during the auction, however, will bidders have access to other bidders identities. After submission and confirmation of bid quantity and price, the www.auctions.zionsdirect.com web page will indicate whether that bid is at that time a successful one, or in-the-money. If a bid is in-the-money at a particular point in time during the auction, that means that, (i) if at such point in time the aggregate number of bids submitted for the depositary shares is less than the

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auction amount, such bid is at or above the minimum bid price, and (ii) if at such point in time the aggregate number of bids submitted for the depositary shares is equal to or greater than the auction amount, the in-the-money number of depositary shares of that bidders bid would be accepted if the auction ended at that particular time. In order for a bid to be accepted, a bid must be in-the-money at the close of the auction. In order to monitor the progress of the auction, bidders bidding directly on the auction platform may need to manually refresh the bid page to see whether their status has changed. This process will continue until the end of the auction, at which point our auction agent will review the submitted bids and determine the auction purchasers and allocations. See Risk Factors Risks Related to the Auction Process beginning on page S-14 of this prospectus supplement.

Market-Clearing Price

All depositary shares will be sold at the market-clearing price. If the number of depositary shares for which bids are received in the auction is equal to or greater than 100% of the auction amount, the market clearing price for our depositary shares in the auction will be the highest price at which the auction amount is sold. The auction agent will determine this price by moving down the list of accepted bids in descending order of bid price until the total quantity of depositary shares bid for is greater than or equal to the auction amount.

For example, assume that 1,000 depositary shares are being offered and that the following bidders have bid as follows:

Bidder	Number of Depositary Shares Represented by Bid	Bid Price
A	500	$ 25.00
B	500	$ 24.90
C	500	$ 24.80

In this example, $25.00 is not the market-clearing price because only 500 of the depositary shares offered could be sold at that price. Furthermore, $24.80 is not the market-clearing price because, although all of the depositary shares being offered are sold for prices over $24.80, this is not the highest price at which all of the depositary shares offered could be sold. Instead, all of the depositary shares offered in this example will be sold at the higher price of $24.90. Therefore, $24.90 is the market-clearing price in this example. The entire auction amount will be sold at the market-clearing price, unless we decide, in our discretion, to refrain from selling any depositary shares in the offering after the market-clearing price has been determined. Even the depositary shares that were bid for at $25.00 will be sold for $24.90. In this auction, the winning bidders will pay $24.90 for each depositary share, which has a liquidation preference of $25.00.

If the number of depositary shares for which valid bids are received is 50% or more of the auction amount but less than 100% of the auction amount, the market-clearing price will be equal to the minimum bid price and we may (but are not required to) sell the number of depositary shares subject to bids received in the auction. If at the end of the auction, the number of depositary shares subject to a bid is less than 50% of the auction amount, then the offering will be cancelled and we will not issue any depositary shares pursuant to the auction.

We caution you that the market-clearing price may have little or no relationship to the price that would be established using other indicators of value. The scenario above is an example only and should not be considered indicative of an appropriate or likely market-clearing price of the depositary shares.

Minimum Bid Price

The minimum bid price will be $23.50 per depositary share and the maximum bid price will be $25.00 per depositary share. Any bid price below the minimum bid price or above the maximum price will be automatically rejected.

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Allocation/Time Stamp

During the auction, depositary shares are allocated to bids with the highest price. Once the auction is fully subscribed, allocation of depositary shares being auctioned is determined first by allocating depositary shares to any bids made above the market-clearing price and second, by allocating depositary shares made at the market-clearing price by time stamp. Bidders bidding above the market-clearing price will be allocated the entire quantity of depositary shares for which they bid; however, in no event will a bidder be allowed to successfully bid for a greater number of depositary shares than the lesser of (i) the number of depositary shares that that bidder s individual bid limit, if any, would purchase at the bid prices and (ii) the total number of that bidder s bids designated as in-the-money by the auction website. In the event that multiple bidders bid at exactly the market-clearing price and the total quantity of depositary shares for which they have bid exceeds the aggregate amount of depositary shares not allocated to higher bidders, the auction agent will allocate the remaining depositary shares to the bids with the earliest time stamp. The depositary shares will first be allocated to the bid with the earliest time stamp, then to the bid with the next earliest time stamp, and so on until all of the depositary shares being offered are allocated to bidders. Thus, if your bid price equals the market-clearing price, you will be allocated depositary shares only to the extent that depositary shares have not been allocated to bidders with higher bid prices or to other bidders who bid at the market-clearing price with an earlier time stamp. To preserve the bidder s earliest time stamp, a bidder will be required to use an additional bid row to increase the number of depositary shares bid for without improving the price (unless you are a bidder who submit bids indirectly through the underwriter, in which case you will not be able to preserve the time stamp of your earlier bids).

For example, assume again that 1,000 depositary shares are being offered and that the following bidders have again bid as follows:

Bidder	Depositary Shares Represented by Bid	Depositary Shares Allocated	Bid Price	Time Stamp
A	400	400	$ 25.00	11:00 a.m.
B	400	400	$ 24.90	10:00 a.m.
C	400	200	$ 24.90	10:30 a.m.
D	400	0	$ 24.90	10:31 a.m.

In this example, $24.90 is the market-clearing price because it is the highest price at which all of the depositary shares offered could be sold. Therefore, Bidder A is allocated all 400 depositary shares bid for because Bidder A s bid was higher than the market-clearing price. This leaves 600 depositary shares to be allocated to the bidders that bid at the market-clearing price. Bidder B, Bidder C and Bidder D bid for an aggregate of 1,200 depositary shares at the same price. However, Bidder B has a time stamp that is earlier than Bidder C s time stamp and Bidder C s time stamp is earlier than Bidder D s time stamp. Therefore, the remaining 600 depositary shares are allocated first to Bidder B and the remaining depositary shares are allocated to Bidder C. Bidder D receives no depositary shares. This scenario is an example only and should not be considered indicative of an appropriate or likely market-clearing price for the depositary shares.

In the event that a single bidder bids at the market-clearing price but the available quantity is less than that for which the bidder bid, the bidder will receive only the available quantity.

We reserve the right to alter the method of allocation of the depositary shares as we deem necessary to ensure a fair and orderly distribution. The auction agent reserves the right, in its sole discretion (subject to consultation with the underwriter as necessary), to reject any bid by bidders without brokerage accounts with the underwriter that it deems to be manipulative, mistaken or made due to a misunderstanding of the depositary shares on the part of the bidder or for any other reason it may determine. Bids submitted (i) directly by Underwriter Bidders may be similarly rejected by the underwriter in consultation with the auction agent and (ii) by Underwriter Bidders indirectly through the underwriter may be similarly rejected by the auction agent

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upon request of the underwriter. The auction agent and the underwriter reserve this right in order to preserve the integrity of the auction process. We further reserve the right to reject all bids, if we are unable to sell all of the depositary shares offered in this auction, or for any other reason. You will not be entitled to an allocation of depositary shares, even if your bid is in-the-money at the time the auction closes, until our auction agent has reviewed the results of the auction and you are informed that your bid or bids have been accepted.

We may decide not to sell any depositary shares in the auction process, regardless of the market-clearing price, even if bids are received for the entire auction amount. If the number of depositary shares for which bids are received is at least 50% but less than 100% of the auction amount and we elect to sell depositary shares, then each bidder will be allocated the aggregate number of depositary shares represented by such bidder s bids. If at the end of the auction, the number of depositary shares subject to a bid is less than 50% of the auction amount, then the offering will be cancelled and we will not issue any depositary shares pursuant to the auction.

Results of Auction and Bid Acceptance

As soon as practicable after the auction has ended, Zions Direct will, either directly or through the underwriter, notify via telephone or e-mail each successful bidder who was awarded depositary shares in the auction, which notice shall specify at a minimum (i) that the auction has closed; (ii) that such bidder s bid has, or bids have, been accepted; (iii) the number of the depositary shares that have been allocated to such winning bidder; and (iv) the market-clearing price to be paid for such depositary shares. As a result of the varying delivery times involved in sending e-mails over the Internet or other methods of delivery, you may receive notices of acceptance before or after other bidders. If you submit a successful bid or bids, you will be obligated to purchase the depositary shares allocated to you regardless of whether you are aware that the notice of acceptance of your bid or bids has or have been sent. The auction agent will also cause the results of the auction to be posted on the website.

Settlement and Payment

We expect the settlement date to occur three business days after the trade date. Settlement and payment terms will occur as specified pursuant to the terms of each bidder s respective brokerage account with Zions Direct, Inc. or Deutsche Bank Securities Inc., as applicable.

Material Developments

During the course of the auction, you should monitor your relevant e-mail accounts, telephone and facsimile for notifications related to the offering, which may include:

Notice of Additional Information by Free Writing Prospectus. Additional information relating to the offering or Zions may become available during the course of the auction in a free writing prospectus.

Potential Request for Reconfirmation. If material information becomes available during the course of the auction, you (or your broker, if you submitted your bid through a broker) may be requested to reconfirm your bid, although none of we, the auction agent or the underwriter is under any obligation to reconfirm bids for any reason. If you are requested to reconfirm your bid and fail to do so in a timely manner, your bid may be deemed withdrawn. However, your bid may be accepted even if it has not been reconfirmed.

Potential Notice of Cancellation. If material information relating to Zions becomes available during the course of the auction, Zions may choose to cancel the auction.

UNDERWRITING (CONFLICTS OF INTEREST)

We and the underwriter for the offering have entered into an underwriting agreement with respect to the depositary shares. Subject to the terms and conditions of the underwriting agreement, the underwriter has agreed to purchase the number of depositary shares indicated in the following table at a public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement:

Underwriter	Number of Depositary Shares
Deutsche Bank Securities Inc.	
Total	

The underwriting agreement provides that the obligation of the underwriter to purchase the depositary shares offered hereby is subject to certain conditions precedent and that the underwriter will purchase all of the depositary shares we determine to sell, if any. The number of depositary shares that we may determine to sell will depend, in part, upon the success of the auction process. See The Auction Process Allocation in this prospectus supplement.

Depositary shares sold by the underwriter to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any depositary shares sold by the underwriter to securities dealers may be sold at a discount of up to $ per depositary share from the initial public offering price. Any such securities dealers may resell any depositary shares purchased from the underwriter to certain other brokers or dealers at a discount of up to $ per depositary share from the initial public offering price. If all the depositary shares are not sold at the initial offering price, the underwriter may change the offering price and the other selling terms. The offering of the depositary shares by the underwriter is subject to receipt and acceptance and subject to the underwriter s right to reject any order in whole or in part.

We have agreed with the underwriter, subject to certain exceptions, not to sell, contract to sell or otherwise offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise transfer or dispose of any securities of the company that are substantially similar to the shares of Series F Preferred Stock or the depositary shares, including any securities that are convertible into or exchangeable for, or that represent the right to receive such shares or depositary shares, or substantially similar securities, during the period from the date of this prospectus supplement continuing through the date 30 days after the date of this prospectus supplement, except with the prior written consent of the representative.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriter in connection with this offering on a per depositary share and aggregate basis.

	Per Depositary Share	**Aggregate Amount**
Underwriting discounts and commissions	$	$

Upon the completion of this offering, the underwriter will pay Zions Direct a fee of $150,000 for providing auction services in respect of this offering.

We estimate that our share of the total expenses of the offering of the depositary shares, excluding underwriting discounts and commissions, will be approximately $. All expenses of this offering will be paid by us. These expenses include the SEC s filing fees and fees under state securities or blue sky laws.

Prior to this offering, there has been no public market for the depositary shares. We do not expect that there will be any separate public trading market for the shares of the Series F Preferred Stock except as represented by the depositary shares. We expect the depositary shares to be approved for listing on the New York Stock

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Exchange, subject to official notice of issuance, under the symbol ZBPRF . The underwriter has advised us that it intends to make a market in the depositary shares prior to the commencement of trading on the New York Stock Exchange, but it is not obligated to do so, and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the depositary shares or that an active public market for the depositary shares will develop.

In connection with the offering and any subsequent market-making activities, the underwriter may purchase and sell the depositary shares in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriter of a greater number of depositary shares than it then holds, and must be closed out by purchasing those depositary shares in the open market. Stabilizing transactions consist of various bids for or purchases of depositary shares made by the underwriter in the open market prior to the completion of the offering.

These activities by the underwriter, as well as other purchases by the underwriter for its own account, may have the effect of preventing or retarding a decline in the market price of the depositary shares, and may stabilize, maintain or otherwise affect the market price of the depositary shares. As a result, the price of the depositary shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

In connection with this offering, the underwriter and any selling group member who is a qualified market maker on the New York Stock Exchange may engage in passive market making transactions in the depositary shares on the New York Stock Exchange in accordance with Rule 103 of Regulation M under the Exchange Act during the business day before the pricing of this offering, prior to the commencement of offers or sales of the depositary shares. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for the security; if all independent bids are lowered below the passive market maker s bid, however, the bid must then be lowered when purchase limits are exceeded.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a relevant Member State), the underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that relevant Member State (the relevant implementation date) it has not made and will not make an offer of depositary shares which are the subject of the offering contemplated by this prospectus supplement to the public in that relevant Member State, except that an offer to the public in that relevant Member State other than to any legal entity which is a qualified investor as defined in the Prospectus Directive.

For the purposes of this provision, the expression an offer of depositary shares to the public in relation to any depositary shares in any relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the depositary shares to be offered so as to enable an investor to decide to purchase or subscribe the depositary shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Each person in a relevant Member State who receives any communication in respect of, or who acquires any depositary shares under, the offers contemplated in this prospectus supplement will be deemed to have represented, warranted and agreed to and with us or the underwriter that:

(1) it is a qualified investor within the meaning of the law in that relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

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(2) in the case of any depositary shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the depositary shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the underwriter has been given to the offer or resale; or (ii) where depositary shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those depositary shares to it is not treated under the Prospectus Directive as having been made to such persons.

The underwriter has represented and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the depositary shares in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the depositary shares in, from or otherwise involving the United Kingdom.

This communication is only being distributed to and is only directed at (1) persons who are outside the United Kingdom or (2) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (3) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). The depositary shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such depositary shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The depositary shares may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the depositary shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the depositary shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

The depositary shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and the underwriter has agreed that it will not offer or sell any depositary shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the depositary shares may not be circulated or distributed, nor may the depositary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the depositary shares are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the depositary shares under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act, or contribute to payments the underwriter may be required to make in respect thereof.

The underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriter and certain of its affiliates have performed various banking, investment banking, custodial and financial advisory services for us and our affiliates, from time to time, for which they have received customary fees and expenses, and the underwriter may provide such services for us and our affiliates in the future, for which it may receive fees and expenses.

In the ordinary course of their various business activities, the underwriter and its affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriter and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Conflict of Interest

Zions Direct is the auction agent in connection with this offering and is an affiliate of Zions Bancorporation. As such, Zions Direct has a conflict of interest in this offering within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of Rule 5121. The sole book-running manager for this offering, Deutsche Bank Securities Inc. does not have a conflict of interest and meets the requirements of Rule 5121(f)(12)(E). Zions Direct is not permitted to place bids in this offering with respect to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

Purchases by Affiliates or for Customer Accounts

Other affiliates of ours, including Zions First National Bank s Liquid Asset Management Department, Zions First National Bank s Trust Department and/or Contango Capital Advisors, Inc., may make purchases of (or submit bids for) the depositary shares for the accounts of certain customers who have provided to such affiliate or department of such affiliate specific written instructions authorizing it to do so. In addition, certain of our officers and/or directors may also submit bids for the depositary shares. If any affiliate, officer or director of ours submits bids for the depositary shares, the market-clearing price may be higher due to the participation of such affiliate, officer or director in the auction, which may benefit us.

VALIDITY OF DEPOSITARY SHARES

The validity of the depositary shares offered hereby will be passed upon for us by Callister Nebeker & McCullough, a Professional Corporation, Salt Lake City, Utah. Sullivan & Cromwell LLP, Los Angeles, California, will pass upon certain matters relating to this offering for us. Cleary Gottlieb Steen & Hamilton LLP, New York, New York, will pass upon certain matters relating to this offering for the underwriter.

EXPERTS

Ernst & Young LLP, an independent registered public accounting firm, has audited our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011, and the effectiveness of our internal control over financial reporting as of December 31, 2011, as set forth in their reports, which are incorporated by reference in this prospectus supplement and elsewhere in the registration statement. Our consolidated financial statements and our management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 are incorporated by reference in reliance on Ernst & Young LLP s reports, given on their authority as experts in accounting and auditing.

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Appendix A

Pricing/Indicative Yield Calculations

Dividend Rate	Price	Indicative Yield
7.90%	$ 23.50	8.404%
7.90	23.55	8.386
7.90	23.60	8.369
7.90	23.65	8.351
7.90	23.70	8.333
7.90	23.75	8.316
7.90	23.80	8.298
7.90	23.85	8.281
7.90	23.90	8.264
7.90	23.95	8.246
7.90	24.00	8.229
7.90	24.05	8.212
7.90	24.10	8.195
7.90	24.15	8.178
7.90	24.20	8.161
7.90	24.25	8.144
7.90	24.30	8.128
7.90	24.35	8.111
7.90	24.40	8.094
7.90	24.45	8.078
7.90	24.50	8.061
7.90	24.55	8.045
7.90	24.60	8.028
7.90	24.65	8.012
7.90	24.70	7.996
7.90	24.75	7.980
7.90	24.80	7.964
7.90	24.85	7.948
7.90	24.90	7.932
7.90	24.95	7.916
7.90	25.00	7.900

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Zions Bancorporation

Debt Securities

Warrants or Other Rights

Stock Purchase Contracts

Units

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Zions Capital Trust C

Zions Capital Trust D

Capital Securities

As fully and unconditionally

guaranteed as described herein by Zions Bancorporation

Zions Bancorporation and the Issuer Trusts from time to time may offer to sell the securities listed above. The debt securities, warrants, rights, purchase contracts and preferred stock may be convertible into or exercisable or exchangeable for common or preferred stock or other securities of the Company or debt or equity securities of one or more other entities. The common stock of the Company is quoted on the Nasdaq Global Select Market under the symbol ZION.

Zions Bancorporation and the Issuer Trusts may offer and sell these securities to or through one or more underwriters, dealers and/or agents on a continuous or delayed basis.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The specific terms of any securities to be offered, and the specific manner in which they may be offered, will be described in one or more supplements to this prospectus. Such supplements may also add to, update or change information contained in this prospectus.

Investing in these securities involves risks. See Risk Factors section beginning on page 6 of this prospectus.

These 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 (the FDIC), the Board of Governors of the Federal Reserve System (the Federal Reserve Board) 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.

This prospectus is dated April 4, 2011.

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Prospectus

ABOUT THIS PROSPECTUS

This document is called a prospectus, and it provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of the securities being offered. That prospectus supplement may include a discussion of any risk factors or other special considerations that apply to those securities. The prospectus supplement may also add, update or change the information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Where You Can Find More Information.

Zions Bancorporation, a Utah corporation, also referred to in this document as Zions, and Zions Capital Trust C and Zions Capital Trust D, each a statutory trust created under the laws of the State of Delaware (each trust is also referred to as an Issuer Trust and together as the Issuer Trusts), have filed a registration statement with the Securities and Exchange Commission, or the SEC, using a shelf registration or continuous offering process. Under the shelf registration process, from time to time, Zions and the Issuer Trusts may offer and sell securities described in this prospectus or any combination of such securities in one or more offerings.

Our SEC registration statement containing this prospectus, including exhibits, provides additional information about us and the securities offered under this prospectus. The registration statement can be read at the SEC s web site or at the SEC s offices. The SEC s web site and street addresses are provided under the heading Where You Can Find More Information.

When acquiring securities, you should rely only on the information provided in this prospectus and in the related prospectus supplement, including any information incorporated by reference. No one is authorized to provide you with different information. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference is truthful or complete for any date other than the date indicated on the cover page of these documents.

We are not offering the securities in any state where the offer is prohibited. The distribution of this prospectus and any prospectus supplement and the offering of our securities in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus and any prospectus supplement come should inform themselves about and observe any such restrictions. This prospectus and any prospectus supplement do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

After the securities are issued, one or more of our subsidiaries, including Zions Direct, Inc. or Amegy Investments, Inc., may buy and sell any of the securities as part of their business as a broker-dealer. Those subsidiaries may use this prospectus and the related prospectus supplement in those transactions. Any sale by a subsidiary will be made at the prevailing market price at the time of sale.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to the Company, Zions, we, us, our or similar references mean Zions Bancorporation and its subsidiaries.

Unless otherwise stated, currency amounts in this prospectus and any prospectus supplement are stated in United States dollars.

Zions® and Zions Bank® are registered service marks of Zions Bancorporation. All other service marks, trademarks and trade names referred to in this prospectus or any prospectus supplement are the property of their respective owners.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s public reference room in Washington, D.C. at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, our SEC filings are available to the public at the SEC s web site at http://www.sec.gov. However, information on this website does not constitute a part of this prospectus. You can also inspect reports, proxy statements and other information about us at the offices of the Nasdaq Global Select Market, 1735 K Street, N.W., Washington, D.C. 20006.

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document Zions has filed separately with the SEC that contains that information. The information incorporated by reference is considered to be part of this prospectus and any prospectus supplement. Information that Zions files with the SEC after the date of this prospectus and any prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus and any prospectus supplement to the extent that the subsequently filed information modifies or supersedes the existing information.

We incorporate by reference:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2010;
- our Current Reports on Form 8-K filed on January 24, 2011, January 27, 2011, February 10, 2011 and February 15, 2011 (except in each case, any information that has been deemed to be furnished and not filed, and any exhibits related thereto);
- the description of our common stock and rights set forth in our Current Report on Form 8-K filed on April 4, 2011 and any amendments or reports filed for the purpose of updating such description;
- the description of our Series A Floating-Rate Non-Cumulative Perpetual Preferred Stock (Series A Preferred Stock), 9.50% Series C Non-Cumulative Perpetual Preferred Stock (Series C Preferred Stock) and Series E Fixed-Rate Resettable Non-Cumulative Perpetual Preferred Stock (Series E Preferred Stock) and respective rights set forth in Forms 8-A filed on December 7, 2006, July 9, 2008 and June 18, 2010, respectively, and any amendments or reports filed for the purpose of updating such descriptions;
- and the description of the warrants set forth in our registration statement on Form 8-A, dated May 25, 2010, filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the Exchange Act), including any amendment or report filed with the SEC for the purpose of updating such description.

In addition, all reports and other documents we subsequently file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and any prospectus supplement (other than any information furnished pursuant to Item 2.02 or Item 7.01 of any Current Report on Form 8-K unless we specifically state in such Current Report that such information is to be considered filed under the Exchange Act or we incorporate it by reference into a filing under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act) will be deemed to be incorporated by reference in this prospectus and any prospectus supplement and to be part of this prospectus and any prospectus supplement from the date of the filing of such reports and documents. Any statement contained in this prospectus, any prospectus supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus and any prospectus supplement to the extent that a statement contained in any subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus or any prospectus supplement.

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You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address:

Investor Relations

Zions Bancorporation

One South Main Street, 15th Floor

Salt Lake City, Utah 84133

(801) 524-4787

In addition, these filings are available on our web site at http://www.zionsbancorporation.com. Our web site does not form a part of this prospectus or any prospectus supplement.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this prospectus, including information incorporated by reference, that are based on other than historical data are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations or forecasts of future events and include, among others:

- statements with respect to the beliefs, plans, objectives, goals, guidelines, expectations, anticipations and future financial condition, results of operations and performance of Zions Bancorporation and its subsidiaries; and
- statements preceded by, followed by or that include the words may, could, should, would, believe, anticipate, estimate, ex intend, plan, projects, or similar expressions.

These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management s views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, in this prospectus, including the information incorporated by reference. You should carefully consider those risks and uncertainties in reading this prospectus. Factors that might cause such differences include, but are not limited to:

- the Company s ability to successfully execute its business plans, manage its risks, and achieve its objectives;
- changes in political and economic conditions, including without limitation the political and economic effects of the current economic crisis, delay of recovery from the current economic crisis, and other major developments, including wars, military actions and terrorist attacks;
- changes in financial market conditions, either internationally, nationally or locally in areas in which the Company conduct its operations, including without limitation, reduced rates of business formation and growth, commercial and residential real estate development and real estate prices;
- fluctuations in markets for equity, fixed-income, commercial paper and other securities, including availability, market liquidity levels, and pricing;
- changes in interest rates, the quality and composition of the loan and securities portfolios, demand for loan products, deposit flows and competition;
- acquisitions and integration of acquired businesses;
- increases in the levels of losses, customer bankruptcies, bank failures, claims, and assessments;
- changes in fiscal, monetary, regulatory, trade and tax policies and laws, and regulatory assessments and fees, including policies of the U.S. Department of Treasury (the U.S. Treasury), the Federal Reserve Board, and the FDIC;

our participation or lack of participation in, or exit from, governmental programs implemented under the Emergency Economic Stabilization Act of 2008, as amended (EESA) and the American Recovery and Reinvestment Act (ARRA), includOUND-COLOR: #cceeff; WIDTH: 29.7%; VERTICAL-ALIGN: bottom">
Michele Della Briotta

European Area Manager

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(1) Effective as of April 1, 2017, Mr. Antonio Caprera will replace Mr. Vincenzo Crapanzano as industrial director.

Paolo Rocca. Mr. Rocca is the chairman of the Company's board of directors and our chief executive officer. He is a grandson of Agostino Rocca. He is also the chairman of the board of directors of Ternium, a director and vice president of San Faustin, and a director of Techint Financial Corporation. He is a member of the Executive Committee of the World Steel Association. Mr. Rocca is an Italian citizen.

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Edgardo Carlos. Mr. Carlos currently serves as our chief financial officer and since May 2016 has also assumed responsibility over information technology. He joined the Techint Group in 1987 in the accounting department of Siderar. After serving as financial manager for Sidor, in Venezuela, in 2001 he joined Tenaris as our financial director. In 2005 he was appointed administration and financial manager for North America and in 2007 he became administration and financial director for Central America. In 2009 he was appointed economic and financial planning director, until he assumed his current position. Mr. Carlos is an Argentine citizen.

Gabriel Casanova. Mr. Casanova currently serves as our supply chain director, with responsibility for the execution of all contractual deliveries to customers. After graduating as a marine and mechanical engineer, he joined Siderca's export department in 1987. In 1995 he became Siderca's Chief Representative in China and from 1997 to 2009 he held several positions in the commercial area in Dalmine. In 2009 he became the head of our supply chain network and in October 2012 he assumed his current position. Mr. Casanova is an Argentine citizen.

Vincenzo Crapanzano. Mr. Crapanzano currently serves as our industrial director, a position he assumed in April 2011. Previously he served as our European area manager, Mexican area manager and executive vice president of Tamsa. Prior to joining Tenaris, he held various positions at Grupo Falck from 1979 to 1989. When Dalmine acquired the tubular assets of Grupo Falck in 1990, he was appointed managing director of the cold drawn tubes division. Mr. Crapanzano is an Italian citizen.

Antonio Caprera. As of April 1, 2017, Mr. Caprera will serve as Tenaris's industrial director. He joined the company in 1990. From 2000 to 2006 he served as quality director at Dalmine in Italy, where he later assumed responsibilities as production director until 2012. From that year and until 2015 he served as production director at Siderca in Argentina, after which he assumed responsibilities as global industrial coordinator based in Mexico until March 2017. Mr. Caprera is an Italian citizen.

Alejandro Lammertyn. Mr. Lammertyn currently serves as our planning director, a position he assumed in April 2013. Mr. Lammertyn began his career with Tenaris in 1990. Previously he served as assistant to the CEO for marketing, organization and mill allocation, supply chain director, commercial director and Eastern Hemisphere area manager. Mr. Lammertyn is an Argentine citizen.

Paola Mazzoleni. Ms. Mazzoleni currently serves as our human resources director, a position she assumed on January 1, 2016. After receiving a degree in Philosophy, she started her career in Dalmine in 2001 in the human resources department, working in recruitment and selection. She next coordinated the company's Global Trainee Program and then served as the regional head in Italy of TenarisUniversity. Ms. Mazzoleni was appointed as human resources director in Romania in 2008, in Italy in 2012 and in the United States in 2014. Ms. Mazzoleni is an Italian citizen

Marcelo Ramos. Mr. Ramos currently serves as our technology director, with responsibility over technology and quality. Previously he served as corporate quality director and managing director of NKKTubes in our Japanese operations. He joined the Techint group in 1987 and has held various positions within Tenaris. He assumed his current position in April 2010, when both, the quality and technology departments were combined. Mr. Ramos is an Argentine citizen.

Germán Curá. Mr. Curá currently serves as our North American area manager. He is a marine engineer and was first employed with Siderca in 1988. Previously, he served as Siderca's exports director, Tamsa's exports director and commercial director, sales and marketing manager of our Middle East office, president of Algoma Tubes, president and chief executive officer of Maverick Tubulars and president and chief executive officer of Hydril, director of our Oilfield Services business unit and Tenaris commercial director. He was also a member of the board of directors of API. He assumed his current position in October 2006. Mr. Curá is a U.S. citizen.

Sergio de la Maza. Mr. de la Maza currently serves as our Central American area manager and also serves as a director and executive vice-president of Tamsa. Previously he served as our Mexican area manager. He first joined Tamsa in 1980. From 1983 to 1988, Mr. de la Maza worked in several positions in Tamsa and Dalmine. He then became manager of Tamsa's new pipe factory and later served as manufacturing manager and quality director of Tamsa. Subsequently, he was named manufacturing director of Siderca. He assumed his current position in 2006. Mr. de la Maza is a Mexican citizen.

Renato Catallini. Mr. Catallini currently serves as our Brazilian area manager, a position that he assumed in October 2012, after having served as our supply chain director since August 2007. He joined Tenaris in 2001 in the supply management area, as a general manager of Exiros Argentina. In July 2002, he was appointed operations director and subsequently, in January 2005, became managing director of Exiros. Before joining Tenaris, he worked for ten years in the energy sector, working for TGN, Nova Gas Internacional, TransCanada Pipelines and TotalFinaElf, among others. Mr. Catallini is an Argentine and Italian citizen.

Javier Martínez Alvarez. Mr. Martínez Alvarez currently serves as our Southern Cone area manager, a position he assumed in June 2010, having previously served as our Andean area manager. He began his career in the Techint group in 1990, holding several positions including planning manager of Siderar and commercial director of Ternium-Sidor. In 2006, he joined Tenaris as our Venezuela area manager. Mr. Martínez Alvarez is an Argentine citizen.

Gabriel Podskubka. Mr. Podskubka currently serves as our Eastern Hemisphere area manager, based in Dubai. He assumed his current position in April 2013 after serving as the head of our operations in Eastern Europe for four years. After graduating as an industrial engineer Mr. Podskubka joined the Techint group in 1995 in the marketing department of Siderca. He held various positions in the marketing, commercial, and industrial areas until he was appointed as oil & gas sales director in the United States in 2006. Mr. Podskubka is an Argentine citizen.

Michele Della Briotta. Mr. Della Briotta currently serves as our European area manager, a position he assumed in July 2016. He first joined Tenaris in 1997 and has worked in areas such as industrial planning, operations, supply chain and commercial in Italy, Mexico, Argentina and the United States. Most recently he served as Tenaris's area manager for Romania. Mr. Della Briotta is an Italian citizen.

Directors' and senior management compensation

The compensation of the members of the Company's board of directors is determined at the annual ordinary general shareholders' meeting. Each member of the board of directors received as compensation for their services for the year 2016 a fee of $85,000. The chairman of the audit committee received as additional compensation a fee of $65,000 while the other members of the audit committee received an additional fee of $55,000. Under the Company's articles of association, the members of the audit committee are not eligible to participate in any incentive compensation plan for employees of the Company or any of its subsidiaries.

During the years ended December 31, 2016, 2015 and 2014, the cash compensation of directors and senior managers amounted to $38.6 million, $28.8 million and $26 million, respectively. In addition, directors and senior managers received 500, 540 and 567 thousand units for a total amount of $4.8 million, $5.4 million and $6.2 million, respectively, in connection with the Employee retention and long term incentive program described in note O (2) "Employee benefits –Other long term benefits" to our audited consolidated financial statements included in this annual report.

There are no service contracts between any director and Tenaris that provide for material benefits upon termination of employment.

Auditors

The Company's articles of association require the appointment of an independent audit firm in accordance with applicable law. The primary responsibility of the auditor is to audit the Company's annual accounts and consolidated financial statements and to submit a report on the accounts to shareholders at the annual shareholders' meeting. In accordance with applicable law, auditors are chosen from among the members of the Luxembourg Institute of Independent Auditors (Institut des réviseurs d'entreprises). Auditors are appointed by the general shareholders' meeting upon recommendation from our audit committee through a resolution passed by a simple majority vote, irrespective of the number of Shares represented at the meeting, to serve one-year renewable terms. Auditors may be dismissed by the general shareholders meeting at any time, with or without cause. Luxembourg law does not allow directors to serve concurrently as independent auditors. As part of their duties, the auditors report directly to the audit committee.

The Company's audit committee is responsible for, among other things, the oversight of the Company's independent auditors. The audit committee has adopted in its charter a policy of pre-approval of audit and permissible non-audit services provided by its independent auditors. Under the policy, the audit committee makes its recommendations to the shareholders' meeting concerning the continuing appointment or termination of the Company's independent auditors. On a yearly basis, the audit committee reviews together with management and the independent auditor, the audit plan, audit related services and other non-audit services and approves, ad-referendum of the general shareholders' meeting, the related fees. The general shareholders' meeting regularly approves such audit fees and authorizes the audit committee to approve any increase or reallocation of such audit fees as may be necessary, appropriate or desirable under the circumstances. The audit committee delegates to its Chairman the authority to consider and approve, on behalf of the audit committee, additional non-audit services that were not recognized at the time of engagement, which must be reported to the other members of the audit committee at its next meeting. No services outside the scope of the audit committee's approval can be undertaken by the independent auditor.

Our independent auditor for the fiscal year ended December 31, 2016, appointed by the shareholders' meeting held on May 4, 2016, was PricewaterhouseCoopers Société Coopérative., Cabinet de révision agréé, in connection with all of our annual accounts and consolidated financial statements.

Fees Paid to the Company's Independent Auditor

In 2016, PwC served as the principal external auditor for the Company. Fees payable to PwC in 2016 are detailed below.

Thousands of U.S. dollars	For the year ended December 31, 2016
Audit Fees	3,588
Audit-Related Fees	64
Tax Fees	14
All Other Fees	3
Total	3,669

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of the consolidated financial statements and internal control over financial reporting of the Company, the statutory financial statements of the Company and its subsidiaries, and any other audit services required for the SEC or other regulatory filings.

Audit-Related Fees

Audit-related fees are typically services that are reasonably related to the performance of the audit or review of the consolidated financial statements of the Company and the statutory financial statements of the Company and its subsidiaries and are not reported under the audit fee item above. This item includes fees for attestation services on financial information of the Company and its subsidiaries included in their annual reports that are filed with their respective regulators.

Tax Fees

Fees paid for tax compliance professional services.

All Other Fees

Fees paid for the support in the development of training courses.

Share Ownership

To our knowledge, the total number of Shares (in the form of ordinary shares or ADSs) beneficially owned by our directors and senior management as of the date of this annual report, was 1,200,603, which represents 0.10% of our outstanding Shares.

The following table provides information regarding share ownership by our directors and senior management:

Director or Officer	Number of Shares Held
Guillermo Vogel	1,125,446
Carlos Condorelli	67,211
Edgardo Carlos	4,000
Gabriel Podskubka	3,946
Total	1,200,603

Major Shareholders

The following table shows the beneficial ownership of the Shares by: the Company's major shareholders (persons or entities that have notified the Company of holdings in excess of 5% of the Company's share capital), non-affiliated public shareholders, and the Company's directors and senior management as a group. The information below is based on the most recent information provided to the Company.

Identity of Person or Group	Number	Percent
San Faustin [1]	713,605,187	60.45%
Directors and senior management as a group	1,200,603	0.10%
Public	465,731,040	39.45%
Total	1,180,536,830	100.00%

(1) San Faustin owns all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à r.l.. The Dutch private foundation (Stichting) Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin ("RP STAK") holds voting rights in San Faustin sufficient to control San Faustin. No person or group of persons controls RP STAK.

The voting rights of the Company's major shareholders do not differ from the voting rights of other shareholders. None of its outstanding shares have any special control rights. There are no restrictions on voting rights, nor are there, to the Company's knowledge, any agreements among shareholders of the Company that might result in restrictions on the transfer of securities or the exercise of voting rights.

The Company does not know of any significant agreements or other arrangements to which the Company is a party and which take effect, alter or terminate in the event of a change of control of the Company. The Company does not know of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

Information required under the Luxembourg Law on takeovers of May 19, 2006

The Company has an authorized share capital of a single class of 2,500,000,000 shares with a par value of $ 1.00 per share. Our authorized share capital is fixed by the Company's articles of association as amended from time to time with the approval of our shareholders in an extraordinary shareholders' meeting. There were 1,180,536,830 shares issued as of December 31, 2016. All issued shares are fully paid.

The Company's articles of association authorize the board of directors until 2020, to increase the issued share capital in whole or in part from time to time, through issues of shares within the limits of the authorized share capital against compensation in cash, compensation in kind at a price or if shares are issued by way of incorporation of reserves, at an amount, which shall not be less than the par value and may include such issue premium as the board of directors shall decide. However, under the Company's articles of association, the Company's existing shareholders shall have a preferential right to subscribe for any new Shares issued pursuant to the authorization granted to its board of directors, except in the following cases (in which cases no preferential subscription rights shall apply):

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- any issuance of Shares (including, without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into shares, or similar instruments convertible or exchangeable into Shares) against a contribution other than in cash;
- any issuance of Shares (including by way of free Shares or at discount), up to an amount of 1.5% of the issued share capital of the Company, to directors, officers, agents or employees of the Company, its direct or indirect subsidiaries, or its affiliates (collectively, the "Beneficiaries"), including, without limitation, the direct issuance of Shares or upon the exercise of options, rights convertible into Shares, or similar instruments convertible or exchangeable into Shares, issued for the purpose of compensation or incentive of the Beneficiaries or in relation thereto (which the board of directors shall be authorized to issue upon such terms and conditions as it deems fit).

The Company's articles of association do not contain any redemption or sinking fund provisions, nor do they impose any restrictions on the transfer of the Company's shares.

Amendment of the Company's articles of association requires the approval of shareholders at an extraordinary shareholders' meeting with a two-thirds majority vote of the Shares represented at the meeting.

The Company is controlled by San Faustin, which owns 60.45% of the Company's outstanding shares, through its wholly owned subsidiary Techint Holdings S.à r.l. The Dutch private foundation (Stichting) RP STAK holds voting rights in San Faustin sufficient to control San Faustin. No person or group of persons controls RP STAK.

Our directors and senior management as a group own 0.10% of the Company's outstanding shares, while the remaining 39.45% are publicly traded. The Company's shares trade on the Italian Stock Exchange, the Buenos Aires Stock Exchange and the Mexican Stock Exchange; in addition, the Company's ADSs trade on the New York Stock Exchange. See "Corporate Governance – Major Shareholders".

None of the Company's outstanding securities has any special control rights. There are no restrictions on voting rights, nor are there, to our knowledge, any agreements among our shareholders that might result in restrictions on the transfer of securities or the exercise of voting rights.

There are no significant agreements to which the Company is a party and which take effect, alter or terminate in the event of a change in the control of the Company following a takeover bid, thereby materially and adversely affecting the Company, nor are there any agreements between us and members of our board of directors or employees that provide for compensation if they resign or are made redundant without reason, or if their employment ceases pursuant to a takeover bid.

Management is vested in a board of directors. Directors are elected at the annual ordinary shareholders' meeting to serve one-year renewable terms. See "Corporate Governance – Board of Directors".

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Tenaris's internal control over financial reporting was designed by management to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its consolidated financial statements for external purposes in accordance with IFRS.

In addition, under the Company's articles of association, the audit committee is required to report to the board of directors on its activities from time to time, and on the adequacy of the systems of internal control over financial reporting once a year at the time the annual accounts are approved.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or omissions. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

On a yearly basis, management conducts its assessment of the effectiveness of Tenaris's internal control over financial reporting based on the framework in Internal Control- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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On February 22, 2017, management reported to the audit committee of the Company's board of directors that management had conducted its assessment of the effectiveness of the Company's internal controls over financial reporting for the year ended December 31, 2016, and that, based on management's evaluation and considering the inherent limitations to the effectiveness of any internal control system, management had concluded that the Company's internal controls over financial reporting were effective as of December 31, 2016.

Management Certification

We confirm, to the best of our knowledge, that:

1. the consolidated financial statements prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, included in this annual report, give a true and fair view of the assets, liabilities, financial position and profit or loss of Tenaris S.A. and its consolidated subsidiaries, taken as a whole;
2. the annual accounts prepared in accordance with Luxembourg legal and regulatory requirements, included in this annual report, give a true and fair view of the assets, liabilities, financial position and profit or loss of Tenaris S.A.; and
3. the consolidated management report on the consolidated financial statements included in this annual report, which has been combined with the management report on the annual accounts included in this annual report, gives a fair review of the development and performance of the business and the position of Tenaris S.A., or Tenaris S.A. and its consolidated subsidiaries, taken as a whole, as applicable, together with a description of the principal risks and uncertainties they face.

/s/ Paolo Rocca
Chief Executive Officer
Paolo Rocca
March 30, 2017

/s/ Edgardo Carlos
Chief Financial Officer
Edgardo Carlos
March 30, 2017

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Financial Information

Consolidated Financial Statements

For the years ended December 31, 2016, 2015 and 2014

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CONSOLIDATED INCOME STATEMENT

(all amounts in thousands of US dollars, unless otherwise stated)		Year ended December 31,		
	Notes	2016	2015	2014
Continuing operations				
Net sales	1	4,293,592	6,903,123	10,141,459
Cost of sales	2	(3,165,684)	(4,747,760)	(6,140,415)
Gross profit		1,127,908	2,155,363	4,001,044
Selling, general and administrative expenses	3	(1,196,929)	(1,593,597)	(1,932,778)
Other operating income	5	21,127	14,603	27,855
Other operating expenses	5	(11,163)	(410,574)	(215,589)
Operating (loss) income		(59,057)	165,795	1,880,532
Finance Income	6	66,204	34,574	38,211
Finance Cost	6	(22,329)	(23,058)	(44,388)
Other financial results	6	(21,921)	3,076	39,575
(Loss) income before equity in earnings of non-consolidated companies and income tax		(37,103)	180,387	1,913,930
Equity in earnings (losses) of non-consolidated companies	7	71,533	(39,558)	(164,616)
Income before income tax		34,430	140,829	1,749,314
Income tax	8	(17,102)	(234,384)	(580,431)
Income (Loss) for continuing operations		17,328	(93,555)	1,168,883
Discontinued operations				
Result for discontinued operations	28	41,411	19,130	12,293
Income (loss) for the period		58,739	(74,425)	1,181,176
Attributable to:				
Owners of the parent		55,298	(80,162)	1,158,517
Non-controlling interests		3,441	5,737	22,659
		58,739	(74,425)	1,181,176
Earnings per share attributable to the owners of the parent during the period:				
Weighted average number of ordinary shares (thousands)		1,180,537	1,180,537	1,180,537
Continuing operations				
Basic and diluted earnings (losses) per share (U.S. dollars per share)		0.01	(0.08)	0.97
Basic and diluted earnings (losses) per ADS (U.S. dollars per ADS) (*)		0.02	(0.17)	1.94
Continuing and discontinued operations				
Basic and diluted earnings (losses) per share (U.S. dollars per share)		0.05	(0.07)	0.98
Basic and diluted earnings (losses) per ADS (U.S. dollars per ADS) (*)		0.09	(0.14)	1.96

(*) Each ADS equals two shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(all amounts in thousands of U.S. dollars)	Year ended December 31,		
	2016	2015	2014
Income (loss) for the year	58,739	(74,425)	1,181,176
Items that may be subsequently reclassified to profit or loss:			
Currency translation adjustment	37,187	(256,260)	(197,711)
Change in value of cash flow hedges	(7,525)	10,699	(8,036)
Change in value of available for sale financial instruments	-	2,486	(2,447)
Share of other comprehensive income of non-consolidated companies:			

- Currency translation adjustment	3,473	(92,914)	(54,688)
- Changes in the fair value of derivatives held as cash flow hedges and others	421	(3,790)	60
Income tax related to cash flow hedges and available for sale financial instruments	(23)	(284)	400
	33,533	(340,063)	(262,422)
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations	(230)	14,181	1,850
Income tax on items that will not be reclassified	(1,760)	(4,242)	(513)
Remeasurements of post employment benefit obligations of non-consolidated companies	(5,475)	(449)	(3,917)
	(7,465)	9,490	(2,580)
Other comprehensive income (loss) for the year, net of tax	26,068	(330,573)	(265,002)
Total comprehensive income (loss) for the year	84,807	(404,998)	916,174
Attributable to:			
Owners of the parent	81,702	(410,187)	894,929
Non-controlling interests	3,105	5,189	21,245
	84,807	(404,998)	916,174
Total comprehensive income (loss) for the year attributable to Owners of the parent arises from			
Continuing operations	40,291	(429,317)	882,636
Discontinued operations	41,411	19,130	12,293
	81,702	(410,187)	894,929

The accompanying notes are an integral part of these Consolidated Financial Statements.
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(all amounts in thousands of U.S. dollars)	Notes	At December 31, 2016		At December 31, 2015	
ASSETS					
Non-current assets					
Property, plant and equipment, net	10	6,001,939		5,672,258	
Intangible assets, net	11	1,862,827		2,143,452	
Investments in non-consolidated companies	12	557,031		490,645	
Available for sale assets	31	21,572		21,572	
Other investments	18	249,719		394,746	
Deferred tax assets	20	144,613		200,706	
Receivables, net	13	197,003	9,034,704	220,564	9,143,943
Current assets					
Inventories, net	14	1,563,889		1,843,467	
Receivables and prepayments, net	15	124,715		148,846	
Current tax assets	16	140,986		188,180	
Trade receivables, net	17	954,685		1,135,129	
Other investments	18	1,633,142		2,140,862	
Cash and cash equivalents	18	399,737	4,817,154	286,547	5,743,031
Assets of disposal group classified as held for sale	28		151,417		
Total assets			14,003,275		14,886,974
EQUITY					
Capital and reserves attributable to owners of the parent			11,287,417		11,713,344
Non-controlling interests			125,655		152,712
Total equity			11,413,072		11,866,056
LIABILITIES					
Non-current liabilities					
Borrowings	19	31,542		223,221	
Deferred tax liabilities	20	550,657		750,325	
Other liabilities	21 (i)	213,617		231,176	
Provisions	22 (ii)	63,257	859,073	61,421	1,266,143
Current liabilities					
Borrowings	19	808,694		748,295	
Current tax liabilities	16	101,197		136,018	
Other liabilities	21 (ii)	183,887		222,842	
Provisions	23 (ii)	22,756		8,995	
Customer advances		39,668		134,780	
Trade payables		556,834	1,713,036	503,845	1,754,775
Liabilities of disposal group classified as held for sale	28		18,094		
Total liabilities			2,590,203		3,020,918
Total equity and liabilities			14,003,275		14,886,974

Contingencies, commitments and restrictions on the distribution of profits are disclosed in Note 25.
The accompanying notes are an integral part of these Consolidated Financial Statements.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(all amounts in thousands of U.S. dollars)

	Attributable to owners of the parent								
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves (2)	Retained Earnings (3)	Total	Non-controlling interests	Total
Balance at December 31, 2015	1,180,537	118,054	609,733	(1,006,767)	(298,682)	11,110,469	11,713,344	152,712	11,866,056
Income for the year	-	-	-	-	-	55,298	55,298	3,441	58,739
Currency translation adjustment	-	-	-	37,339	-	-	37,339	(152)	37,187
Remeasurements of post employment benefit obligations, net of taxes	-	-	-	-	(1,781)	-	(1,781)	(209)	(1,990)
Change in value of available for sale financial instruments and cash flow hedges net of tax	-	-	-	-	(7,573)	-	(7,573)	25	(7,548)
Share of other comprehensive income of non-consolidated companies	-	-	-	3,473	(5,054)	-	(1,581)	-	(1,581)
Other comprehensive income (loss) for the year	-	-	-	40,812	(14,408)	-	26,404	(336)	26,068
Total comprehensive income (loss) for the year	-	-	-	40,812	(14,408)	55,298	81,702	3,105	84,807
Acquisition of non-controlling interests	-	-	-	-	2	-	2	(1,073)	(1,071)
Dividends paid in cash	-	-	-	-	-	(507,631)	(507,631)	(29,089)	(536,720)
Balance at December 31, 2016	1,180,537	118,054	609,733	(965,955)	(313,088)	10,658,136	11,287,417	125,655	11,413,072

(1) The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of $1.00 per share. As of December 31, 2016 there were 1,180,536,830 shares issued. All issued shares are fully paid.

(2) Other reserves include mainly the result of transactions with non-controlling interest that do not result in a loss of control, the remeasurement of post-employment benefit obligations and the changes in value of cash flow hedges and in available for sale financial instruments.

(3) The Distributable Reserve and Retained Earnings calculated according to Luxembourg Law are disclosed in Note 25.

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont.)

(all amounts in thousands of U.S. dollars)	Attributable to owners of the parent								
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves (2)	Retained Earnings	Total	Non-controlling interests	Total
Balance at December 31, 2014	1,180,537	118,054	609,733	(658,284)	(317,799)	11,721,873	12,654,114	152,200	12,806,314
(Loss) income for the year	-	-	-	-	-	(80,162)	(80,162)	5,737	(74,425)
Currency translation adjustment	-	-	-	(255,569)	-	-	(255,569)	(691)	(256,260)
Remeasurements of post employment benefit obligations, net of taxes	-	-	-	-	10,213	-	10,213	(274)	9,939
Change in value of available for sale financial instruments and cash flow hedges net of tax	-	-	-	-	12,484	-	12,484	417	12,901
Share of other comprehensive income of non-consolidated companies	-	-	-	(92,914)	(4,239)	-	(97,153)	-	(97,153)
Other comprehensive (loss) income for the year	-	-	-	(348,483)	18,458	-	(330,025)	(548)	(330,573)
Total comprehensive (loss) income for the year	-	-	-	(348,483)	18,458	(80,162)	(410,187)	5,189	(404,998)
Acquisition of non-controlling interests	-	-	-	-	659	-	659	(1,727)	(1,068)
Dividends paid in cash	-	-	-	-	-	(531,242)	(531,242)	(2,950)	(534,192)
Balance at December 31, 2015	1,180,537	118,054	609,733	(1,006,767)	(298,682)	11,110,469	11,713,344	152,712	11,866,056

	Attributable to owners of the parent								
	Share Capital (1)	Legal Reserves	Share Premium	Currency Translation Adjustment	Other Reserves (2)	Retained Earnings	Total	Non-controlling interests	Total
Balance at December 31, 2013	1,180,537	118,054	609,733	(406,744)	(305,758)	11,094,598	12,290,420	179,446	12,469,866
Income for the year	-	-	-	-	-	1,158,517	1,158,517	22,659	1,181,176
Currency translation adjustment	-	-	-	(196,852)	-	-	(196,852)	(859)	(197,711)
Remeasurements of post employment benefit obligations, net of taxes	-	-	-	-	1,503	-	1,503	(166)	1,337
Change in value of available for sale financial instruments and cash flow hedges net of tax	-	-	-	-	(9,694)	-	(9,694)	(389)	(10,083)
Share of other comprehensive income of non-consolidated companies	-	-	-	(54,688)	(3,857)	-	(58,545)	-	(58,545)
Other comprehensive (loss) income for the year	-	-	-	(251,540)	(12,048)	-	(263,588)	(1,414)	(265,002)
Total comprehensive income for the year	-	-	-	(251,540)	(12,048)	1,158,517	894,929	21,245	916,174
Acquisition of non-controlling interests	-	-	-	-	7	-	7	(152)	(145)
Dividends paid in cash	-	-	-	-	-	(531,242)	(531,242)	(48,339)	(579,581)
Balance at December 31, 2014	1,180,537	118,054	609,733	(658,284)	(317,799)	11,721,873	12,654,114	152,200	12,806,314

(1) The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of $1.00 per share. As of December 31, 2015 and 2014 there were 1,180,536,830 shares issued. All issued shares are fully paid.

(2) Other reserves include mainly the result of transactions with non-controlling interest that do not result in a loss of control, the remeasurement of post-employment benefit obligations and the changes in value of cash flow hedges and in available for sale financial instruments.

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(all amounts in thousands of U.S. dollars)		Year ended December 31,		
	Notes	2016	2015	2014
Cash flows from operating activities				
Income (loss) for the year		58,739	(74,425)	1,181,176
Adjustments for:				
Depreciation and amortization	10 & 11	662,412	658,778	615,629
Impairment charge	5	-	400,314	205,849
Income tax accruals less payments	27(ii)	(128,079)	(91,080)	79,062
Equity in (earnings) losses of non-consolidated companies	7	(71,533)	39,558	164,616
Interest accruals less payments, net	27(iii)	(40,404)	(1,975)	(37,192)
Changes in provisions		15,597	(20,678)	(4,982)
Changes in working capital	27(i)	348,199	1,373,985	(72,066)
Other, including currency translation adjustment		18,634	(69,473)	(88,025)
Net cash provided by operating activities		863,565	2,215,004	2,044,067
Cash flows from investing activities				
Capital expenditures	10 & 11	(786,873)	(1,131,519)	(1,089,373)
Changes in advance to suppliers of property, plant and equipment		50,989	49,461	(63,390)
Investment in non-consolidated companies	12	(17,108)	(4,400)	(1,380)
Acquisition of subsidiaries and non-consolidated companies	26	-	-	(28,060)
Loan to non-consolidated companies	12 c	(42,394)	(22,322)	(21,450)
Proceeds from disposal of property, plant and equipment and intangible assets		23,609	10,090	11,156
Dividends received from non-consolidated companies	12	20,674	20,674	17,735
Changes in investments in securities		652,755	(695,566)	(611,049)
Net cash used in investing activities		(98,348)	(1,773,582)	(1,785,811)
Cash flows from financing activities				
Dividends paid	9	(507,631)	(531,242)	(531,242)
Dividends paid to non-controlling interest in subsidiaries		(29,089)	(2,950)	(48,339)
Acquisitions of non-controlling interests		(1,071)	(1,068)	(145)
Proceeds from borrowings (*)		1,180,727	2,064,218	3,046,837
Repayments of borrowings (*)		(1,295,560)	(2,063,992)	(2,890,717)
Net cash used in financing activities		(652,624)	(535,034)	(423,606)
Increase (decrease) in cash and cash equivalents		112,593	(93,612)	(165,350)
Movement in cash and cash equivalents				
At the beginning of the year		286,198	416,445	598,145
Effect of exchange rate changes		(211)	(36,635)	(16,350)
Increase (decrease) in cash and cash equivalents		112,593	(93,612)	(165,350)
At December 31,	27(iv)	398,580	286,198	416,445

		At December 31,		
Cash and cash equivalents		2016	2015	2014
Cash and bank deposits		399,900	286,547	417,645
Bank overdrafts	19	(1,320)	(349)	(1,200)
		398,580	286,198	416,445

(*) Mainly related to the renewal of short-term facilities carried out during the years 2016, 2015 and 2014.

The accompanying notes are an integral part of these Consolidated Financial Statements.
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INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION

Tenaris S.A. (the "Company") was established as a public limited liability company (societé anonyme) under the laws of the Grand-Duchy of Luxembourg on December 17, 2001. The Company holds, either directly or indirectly, controlling interests in various subsidiaries in the steel pipe manufacturing and distribution businesses. References in these Consolidated Financial Statements to "Tenaris" refer to Tenaris S.A. and its consolidated subsidiaries. A list of the principal Company's subsidiaries is included in Note 30 to these Consolidated Financial Statements.

The Company's shares trade on the Buenos Aires Stock Exchange, the Italian Stock Exchange and the Mexican Stock Exchange; the Company's American Depositary Securities ("ADS") trade on the New York Stock Exchange.

These Consolidated Financial Statements were approved for issuance by the Company's Board of Directors on February 22, 2017.

II. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of presentation

The Consolidated Financial Statements of Tenaris have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and plan assets measured at fair value. The Consolidated Financial Statements are, unless otherwise noted, presented in thousands of U.S. dollars ("$").

Whenever necessary, certain comparative amounts have been reclassified to conform to changes in presentation in the current year.

Following the sale of the steel electric conduit business in North America, known as Republic Conduit, the results of the mentioned business are presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Consequently, all amounts related to discontinued operations within each line item of the Consolidated Income Statement are reclassified into discontinued operations. The Consolidated Statement of Cash Flows includes the cash flows for continuing and discontinued operations, cash flows from discontinued operations and earnings per share are disclosed separately in note 28, as well as additional information detailing net assets of disposal group classified as held for sale and discontinued operations.

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting dates, and the reported amounts of revenues and expenses during the reporting years. Actual results may differ from these estimates.

(1) New and amended standards not yet adopted and relevant for Tenaris

IFRS 15, "Revenue from contracts with customers"

In May 2014, the IASB issued IFRS 15, "Revenue from contracts with customers", which sets out the requirements in accounting for revenue arising from contracts with customers and which is based on the principle that revenue is recognized when control of a good or service is transferred to the customer. IFRS 15 must be applied on annual periods beginning on or after January 1, 2018.

IFRS 9, "Financial instruments"

In July 2014, the IASB issued IFRS 9, "Financial instruments", which replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities, as well as an expected credit losses model that replaces the current incurred loss impairment model. IFRS 9 must be applied on annual periods beginning on or after January 1, 2018.

A Basis of presentation (Cont.)

(1) New and amended standards not yet adopted and relevant for Tenaris (Cont.)

These standards are not effective for the financial year beginning January 1, 2016 and have not been early adopted.

These standards were endorsed by the EU.

The Company's management is currently assessing the potential impact that the application of these standards may have on the Company's financial condition or results of operations. The management does not expect these standards to have a significant impact on the classification and measurement of its assets and liabilities.

Others accounting pronouncements issued during 2016 and as of the date of these Consolidated Financial Statements have no material effect on the Company's financial condition or result of operations.

(2) New and amended standards adopted for Tenaris

The Amendment to IAS 1, "Presentation of financial statements" on the disclosure initiative, has been applied on the year starting January 1, 2016, with no significant impact on the Company's Consolidated Financial Statements.

B Group accounting

(1) Subsidiaries and transactions with non-controlling interests

Subsidiaries are all entities over which Tenaris has control. Tenaris controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is exercised by the Company and are no longer consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by Tenaris. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Consolidated Income Statement.

Transactions with non-controlling interests that do not result in a loss of control are accounted as transactions with equity owners of the Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Material intercompany transactions, balances and unrealized gains (losses) on transactions between Tenaris subsidiaries have been eliminated in consolidation. However, since the functional currency of some subsidiaries is its respective local currency, some financial gains (losses) arising from intercompany transactions are generated. These are included in the Consolidated Income Statement under Other financial results.

B Group accounting (Cont.)
(2) Non-consolidated companies

Non-consolidated companies are all entities in which Tenaris has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in non-consolidated companies (associated and joint ventures) are accounted for by the equity method of accounting and are initially recognized at cost. The Company's investment in non-consolidated companies includes goodwill identified in acquisition, net of any accumulated impairment loss.

Unrealized results on transactions between Tenaris and its non-consolidated companies are eliminated to the extent of Tenaris's interest in the non-consolidated companies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Financial statements of non-consolidated companies have been adjusted where necessary to ensure consistency with IFRS.

The Company's pro-rata share of earnings in non-consolidated companies is recorded in the Consolidated Income Statement under Equity in earnings (losses) of non-consolidated companies. The Company's pro-rata share of changes in other reserves is recognized in the Consolidated Statement of Changes in Equity under Other Reserves.

At December 31, 2016, Tenaris holds 11.46% of Ternium S.A ("Ternium")'s common stock. The following factors and circumstances evidence that Tenaris has significant influence (as defined by IAS 28, "Investments in associates companies and Joint Ventures") over Ternium, and as a result the Company's investment in Ternium has been accounted for under the equity method:

§ Both the Company and Ternium are under the indirect common control of San Faustin S.A.;
§ Four out of eight members of Ternium's Board of Directors (including Ternium's chairman) are also members of the Company's Board of Directors;
§ Under the shareholders' agreement by and between the Company and Techint Holdings S.à r.l, a wholly owned subsidiary of San Faustin S.A. and Ternium's main shareholder, dated January 9, 2006, Techint Holdings S.à r.l, is required to take actions within its power to cause (a) one of the members of Ternium's Board of Directors to be nominated by the Company and (b) any director nominated by the Company to be only removed from Ternium's Board of Directors pursuant to previous written instructions of the Company.

At December 31, 2016, Tenaris holds through its Brazilian subsidiary Confab Industrial S.A. ("Confab"), 5.2% of the shares with voting rights and 3.08% of Siderúrgicas de Minas Gerais S.A. Usiminas ("Usiminas") total share capital.

The acquisition of Usiminas shares was part of a larger transaction performed on January 16, 2012, pursuant to which Ternium, certain of its subsidiaries and Confab joined Usiminas' existing control group through the acquisition of ordinary shares representing 27.7% of Usiminas' total voting capital and 13.8% of Usiminas' total share capital. The rights of Ternium and its subsidiaries and Confab within the Ternium - Tenaris Group are governed under a separate shareholders agreement. Those circumstances evidence that Tenaris has significant influence over Usiminas, consequently, accounted it for under the equity method (as defined by IAS 28).

In April and May 2016 Tenaris's subsidiary Confab subscribed, in the aggregate, to 1.3 million preferred shares (BRL1.28 per share) for a total amount of BRL1.6 million (approximately $0.5 million) and 11.5 million ordinary shares (BRL5.00 per share) for a total amount of BRL57.5 (approximately $16.6 million). The preferred and ordinary shares were issued on June 3, 2016 and July 19, 2016, respectively. Consequently as of December 31, 2016 Tenaris owns 36.5 million ordinary shares and 1.3 million preferred shares of Usiminas.

Tenaris carries its investment in Ternium and Usiminas under the equity method, with no additional goodwill or intangible assets recognized. Tenaris reviews investments in non-consolidated companies for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable, such as a significant or prolonged decline in fair value below the carrying value. At December 31, 2016, 2015 and 2014, no impairment provisions were recorded on Tenaris's investment in Ternium while in 2014 and 2015, impairment charges were recorded on Tenaris's investment in Usiminas. See Note 7 and Note 12.

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C Segment information

The Company is organized in one major business segment, Tubes, which is also the reportable operating segment.

The Tubes segment includes the production and sale of both seamless and welded steel tubular products and related services mainly for the oil and gas industry, particularly oil country tubular goods (OCTG) used in drilling operations, and for other industrial applications with production processes that consist in the transformation of steel into tubular products. Business activities included in this segment are mainly dependent on the oil and gas industry worldwide, as this industry is a major consumer of steel pipe products, particularly OCTG used in drilling activities. Demand for steel pipe products from the oil and gas industry has historically been volatile and depends primarily upon the number of oil and natural gas wells being drilled, completed and reworked, and the depth and drilling conditions of these wells. Sales are generally made to end users, with exports being done through a centrally managed global distribution network and domestic sales are made through local subsidiaries. Corporate general and administrative expenses have been allocated to the Tubes segment.

Others includes all other business activities and operating segments that are not required to be separately reported, including the production and selling of sucker rods, industrial equipment, coiled tubing, energy and raw materials that exceed internal requirements.

Tenaris's Chief Operating Decision Maker (CEO) holds monthly meetings with senior management, in which operating and financial performance information is reviewed, including financial information that differs from IFRS principally as follows:

§ The use of direct cost methodology to calculate the inventories, while under IFRS it is at full cost, including absorption of production overheads and depreciations;
§ The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost;
§ Other timing differences.

Tenaris groups its geographical information in five areas: North America, South America, Europe, Middle East and Africa and Asia Pacific. For purposes of reporting geographical information, net sales are allocated to geographical areas based on the customer's location; allocation of assets, capital expenditures and associated depreciations and amortizations are based on the geographical location of the assets.

D Foreign currency translation
(1) Functional and presentation currency
IAS 21 (revised) "The effects of changes in foreign exchange rates" defines the functional currency as the currency of the primary economic environment in which an entity operates.

The functional and presentation currency of the Company is the U.S. dollar. The U.S. dollar is the currency that best reflects the economic substance of the underlying events and circumstances relevant to Tenaris's global operations.

Except for the Brazilian and Italian subsidiaries whose functional currencies are their local currencies, Tenaris determined that the functional currency of its other subsidiaries is the U.S. dollar, based on the following principal considerations:

§ Sales are mainly negotiated, denominated and settled in U.S. dollars. If priced in a currency other than the U.S. dollar, the sales price considers exposure to fluctuation in the exchange rate versus the U.S. dollar;
§ Prices of their critical raw materials and inputs are priced and settled in U.S. dollars;
§

Transaction and operational environment and the cash flow of these operations have the U.S. dollar as reference currency;

- § Significant level of integration of the local operations within Tenaris's international global distribution network;
- § Net financial assets and liabilities are mainly received and maintained in U.S. dollars;
- § The exchange rate of certain legal currencies has long-been affected by recurring and severe economic crises.

D Foreign currency translation (Cont.)

(2) Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured.
At the end of each reporting period: (i) monetary items denominated in currencies other than the functional currency are translated using the closing rates; (ii) non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rates prevailing at the date of the transactions; and (iii) non-monetary items that are measured at fair value in a currency other than the functional currency are translated using the exchange rates prevailing at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recorded as gains and losses from foreign exchange and included in "Other financial results" in the Consolidated Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences in non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the "fair value gain or loss," while translation differences on non-monetary financial assets such as equities classified as available for sale are included in the "available for sale reserve" in equity. Tenaris had no such assets or liabilities for any of the periods presented.

(3) Translation of financial information in currencies other than the functional currency

Results of operations for subsidiaries whose functional currencies are not the U.S. dollar are translated into U.S. dollars at the average exchange rates for each quarter of the year. Financial statement positions are translated at the end-of-year exchange rates. Translation differences are recognized in a separate component of equity as currency translation adjustments. In the case of a sale or other disposal of any of such subsidiaries, any accumulated translation difference would be recognized in income as a gain or loss from the sale.

E Property, plant and equipment

Property, plant and equipment are recognized at historical acquisition or construction cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment acquired through acquisitions accounted for as business combinations have been valued initially at the fair market value of the assets acquired.

Major overhaul and rebuilding expenditures are capitalized as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the group and the investment enhances the condition of assets beyond its original condition. The carrying amount of the replaced part is derecognized. Ordinary maintenance expenses on manufacturing properties are recorded as cost of products sold in the year in which they are incurred.

Borrowing costs that are attributable to the acquisition or construction of certain capital assets are capitalized as part of the cost of the asset, in accordance with IAS 23(R) "Borrowing Costs". Assets for which borrowing costs are capitalized are those that require a substantial period of time to prepare for their intended use.

Depreciation method is reviewed at each year end. Depreciation is calculated using the straight-line method to depreciate the cost of each asset to its residual value over its estimated useful life, as follows:

Land	No Depreciation
Buildings and improvements	30-50 years
Plant and production equipment	10-40 years
Vehicles, furniture and fixtures, and other equipment	4-10 years

The assets' residual values and useful lives of significant plant and production equipment are reviewed and adjusted, if appropriate, at each year-end date.

Management's re-estimation of assets useful lives, performed in accordance with IAS 16 "Property, Plant and Equipment", did not materially affect depreciation expenses for 2016, 2015 and 2014.

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E Property, plant and equipment (Cont.)
Tenaris depreciates each significant part of an item of property, plant and equipment for its different production facilities that (i) can be properly identified as an independent component with a cost that is significant in relation to the total cost of the item, and (ii) has a useful operating life that is different from another significant part of that same item of property, plant and equipment.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of assets and are recognized under Other operating income or Other operating expenses in the Consolidated Income Statement.

F Intangible assets
(1) Goodwill
Goodwill represents the excess of the acquisition cost over the fair value of Tenaris's share of net identifiable assets acquired as part of business combinations determined mainly by independent valuations. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is included in the Consolidated Statement of Financial Position under Intangible assets, net.
For the purpose of impairment testing, goodwill is allocated to a subsidiary or group of subsidiaries that are expected to benefit from the business combination which generated the goodwill being tested.
(2) Information systems projects
Costs associated with maintaining computer software programs are generally recognized as an expense as incurred. However, costs directly related to the development, acquisition and implementation of information systems are recognized as intangible assets if it is probable that they have economic benefits exceeding one year.

Information systems projects recognized as assets are amortized using the straight-line method over their useful lives, generally not exceeding a period of 3 years. Amortization charges are mainly classified as Selling, general and administrative expenses in the Consolidated Income Statement.

Management's re-estimation of assets useful lives, performed in accordance with IAS 38 "Intangible Assets", did not materially affect depreciation expenses for 2016, 2015 and 2014.

(3) Licenses, patents, trademarks and proprietary technology
Licenses, patents, trademarks, and proprietary technology acquired in a business combination are initially recognized at fair value at the acquisition date. Licenses, patents, proprietary technology and those trademarks that have a finite useful life are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives, and does not exceed a period of 10 years. Amortization charges are mainly classified as Selling, general and administrative expenses in the Consolidated Income Statement.

The balance of acquired trademarks that have indefinite useful lives according to external appraisal amounts to $86.7 million at December 31, 2016 and 2015, included in Hydril CGU. Main factors considered in the determination of the indefinite useful lives, include the years that they have been in service and their recognition among customers in the industry.

Management's re-estimation of assets useful lives, performed in accordance with IAS 38, did not materially affect depreciation expenses for 2016, 2015 and 2014.

(4) Research and development

Research expenditures as well as development costs that do not fulfill the criteria for capitalization are recorded as Cost of sales in the Consolidated Income Statement as incurred. Research and development expenditures included in Cost of sales for the years 2016, 2015 and 2014 totaled $68.6 million, $89.0 million and $106.9 million, respectively.

F Intangible assets
(5) Customer relationships

In accordance with IFRS 3 "Business Combinations" and IAS 38, Tenaris has recognized the value of customer relationships separately from goodwill attributable to the acquisition of Maverick and Hydril groups.

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date, have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight line method over the expected life of approximately 14 years for Maverick and 10 years for Hydril.

In 2015 the Company reviewed the useful life of Prudential's customer relationships, related to Maverick acquisition, and decided to reduce the remaining amortization period from 5 years to 2 years.

As of December 2016 the residual value of Maverick and Hydril customer relationships amount to $308 million and $17 million and the residual useful life is 4 years and 1 year respectively.

G Impairment of non-financial assets
Long-lived assets including identifiable intangible assets are reviewed for impairment at the lowest level for which there are separately identifiable cash flows (cash generating units, or CGU). Most of the Company's principal subsidiaries that constitute a CGU have a single main production facility and, accordingly, each of such subsidiary represents the lowest level of asset aggregation that generates largely independent cash inflows.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful life, including goodwill, are subject to at least an annual impairment test.

In assessing whether there is any indication that a CGU may be impaired, external and internal sources of information are analyzed. Material facts and circumstances specifically considered in the analysis usually include the discount rate used in Tenaris's cash flow projections and the business condition in terms of competitive and economic factors, such as the cost of raw materials, oil and gas prices, competitive environment, capital expenditure programs for Tenaris's customers and the evolution of the rig count.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between the asset's value in use and fair value less costs to sell. Any impairment loss is allocated to reduce the carrying amount of the assets of the CGU in the following order:

(a) first, to reduce the carrying amount of any goodwill allocated to the CGU; and
(b) then, to the other assets of the unit (group of units) pro-rata on the basis of the carrying amount of each asset in the unit (group of units), considering not to reduce the carrying amount of the asset below the highest of its fair value less cost to sell, its value in use or zero.

The value in use of each CGU is determined on the basis of the present value of net future cash flows which would be generated by such CGU. Tenaris uses cash flow projections for a five year period with a terminal value calculated based on perpetuity and appropriate discount rates.

For purposes of calculating the fair value less costs to sell, Tenaris uses the estimated value of future cash flows that a market participant could generate from the corresponding CGU.

Management judgment is required to estimate discounted future cash flows. Actual cash flows and values could vary significantly from the forecasted future cash flows and related values derived using discounting techniques.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

H Other investments

Other investments consist primarily of investments in financial instruments and time deposits with a maturity of more than three months at the date of purchase.

Certain non-derivative financial assets that the Company has both the ability and the intention to hold to maturity have been categorized as held to maturity financial assets. They are carried at amortized cost and the results are recognized in Financial Results in the Consolidated Income Statement using the effective interest method. Held to maturity instruments with maturities greater than 12 months after the balance sheet date are included in the non-current assets.

All other investments in financial instruments and time deposits are categorized as financial assets "at fair value through profit or loss" because such investments are both (i) held for trading and (ii) designated as such upon initial recognition because they are managed and their performance is evaluated on a fair value basis. The results of these investments are recognized in Financial Results in the Consolidated Income Statement.

Purchases and sales of financial investments are recognized as of their settlement date.

The fair values of quoted investments are generally based on current bid prices. If the market for a financial investment is not active or the securities are not listed, Tenaris estimates the fair value by using standard valuation techniques (see Section III Financial Risk Management).

I Inventories

Inventories are stated at the lower between cost and net realizable value. The cost of finished goods and goods in process is comprised of raw materials, direct labor and utilities (based on FIFO method) and other direct costs and related production overhead costs, and it excludes borrowing costs. Tenaris estimates net realizable value of inventories by grouping, where applicable, similar or related items. Net realizable value is the estimated selling price in the ordinary course of business, less any estimated costs of completion and selling expenses. Goods in transit at year end are valued based on supplier's invoice cost.

Tenaris establishes an allowance for obsolete or slow-moving inventory related to finished goods, goods in process, supplies and spare parts. For slow moving or obsolete finished products, an allowance is established based on management's analysis of product aging. An allowance for obsolete and slow-moving inventory of supplies and spare parts is established based on management's analysis of such items to be used as intended and the consideration of potential obsolescence due to technological changes.

J Trade and other receivables

Trade and other receivables are recognized initially at fair value, generally the original invoice amount. Tenaris analyzes its trade receivables on a regular basis and, when aware of a specific counterparty's difficulty or inability to meet its obligations, impairs any amounts due by means of a charge to an allowance for doubtful accounts. In addition, trade accounts receivable overdue by more than 180 days and which are not covered by a credit collateral, guarantee, insurance or similar surety, are fully provisioned.

K Cash and cash equivalents

Cash and cash equivalents are comprised of cash at banks, liquidity funds and short-term investments with a maturity of less than three months at the date of purchase which are readily convertible to known amounts of cash. Assets recorded in cash and cash equivalents are carried at fair market value or at historical cost which approximates fair market value.

In the Consolidated Statement of Financial Position, bank overdrafts are included in Borrowings in current liabilities.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes overdrafts.

L Equity

(1) Equity components
The Consolidated Statement of Changes in Equity includes:

§ The value of share capital, legal reserve, share premium and other distributable reserves calculated in accordance with Luxembourg law;
§ The currency translation adjustment, other reserves, retained earnings and non-controlling interest calculated in accordance with IFRS.

(2) Share capital
The Company has an authorized share capital of a single class of 2.5 billion shares having a nominal value of $1.00 per share. Total ordinary shares issued and outstanding as of December 31, 2016, 2015 and 2014 are 1,180,536,830 with a par value of $1.00 per share with one vote each. All issued shares are fully paid.
(3) Dividends distribution by the Company to shareholders
Dividends distributions are recorded in the Company's financial statements when Company's shareholders have the right to receive the payment, or when interim dividends are approved by the Board of Directors in accordance with the by-laws of the Company.

Dividends may be paid by the Company to the extent that it has distributable retained earnings, calculated in accordance with Luxembourg law (see Note 25 (iii)).

M Borrowings
Borrowings are recognized initially at fair value net of transaction costs incurred and subsequently measured at amortized cost.
N Current and Deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Consolidated Income Statement, except for tax items recognized in the Consolidated Statement of Other Comprehensive Income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

Deferred income tax is recognized applying the liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from fair value adjustments of assets acquired in business combinations, the effect of currency translation on depreciable fixed assets and inventories, depreciation on property, plant and equipment, valuation of inventories and provisions for pension plans. Deferred tax assets are also recognized for net operating loss carry-forwards. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the time period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized to the extent it is probable that future taxable income will be available against which the temporary differences can be utilized. At the end of each reporting period, Tenaris reassesses unrecognized deferred tax assets. Tenaris recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

O Employee benefits

(1) Post employment benefits
The Company has defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligation is calculated annually (at year end) by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in the Income Statement.

For defined benefit plans, net interest income/expense is calculated based on the surplus or deficit derived by the difference between the defined benefit obligations less fair value of plan assets. For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Tenaris sponsors funded and unfunded defined benefit pension plans in certain subsidiaries. The most significant are:

§ An unfunded defined benefit employee retirement plan for certain senior officers. The plan is designed to provide certain benefits to those officers (additional to those contemplated under applicable labor laws) in case of termination of the employment relationship due to certain specified events, including retirement. This unfunded plan provides defined benefits based on years of service and final average salary.

§ Employees' service rescission indemnity: the cost of this obligation is charged to the Consolidated Income Statement over the expected service lives of employees. This provision is primarily related to the liability accrued for employees at Tenaris's Italian subsidiary. As from January 1, 2007 as a consequence of a change in an Italian law, employees were entitled to make contributions to external funds, thus, Tenaris's Italian subsidiary pays every year the required contribution to the funds with no further obligation. As a result, the plan changed from a defined benefit plan to a defined contribution plan effective from that date, but only limited to the contributions of 2007 onwards.

§ Funded retirement benefit plans held in Canada for salary and hourly employees hired prior a certain date based on years of service and, in the case of salaried employees, final average salary. Plan assets consist primarily of investments in equities and money market funds. Both plans were replaced for defined contribution plans. Effective June 2016 the salary plan was frozen for the purposes of credited service as well as determination of final average pay.

§ Funded retirement benefit plan held in the US for the benefit of some employees hired prior a certain date, frozen for the purposes of credited service as well as determination of final average pay for the retirement benefit calculation. Plan assets consist primarily of investments in equities and money market funds. Additionally, an unfunded postretirement health and life plan that offers limited medical and life insurance benefits to the retirees, hired before a certain date.

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O Employee benefits (Cont.)

(2) Other long term benefits

During 2007, Tenaris launched an employee retention and long term incentive program (the "Program") applicable to certain senior officers and employees of the Company, who will be granted a number of Units throughout the duration of the Program. The value of each of these Units is based on Tenaris's shareholders' equity (excluding non-controlling interest). Also, the beneficiaries of the Program are entitled to receive cash amounts based on (i) the amount of dividend payments made by Tenaris to its shareholders, and (ii) the number of Units held by each beneficiary to the Program. Units vest ratably over a period of four years and will be redeemed by the Company ten years after grant date, with the option of an early redemption at seven years after grant date. As the cash payment of the benefit is tied to the book value of the shares, and not to their market value, Tenaris valued this long-term incentive program as a long term benefit plan as classified in IAS 19 "Employee Benefits".

As of December 31, 2016 and 2015, the outstanding liability corresponding to the Program amounts to $78.7 million and $84.0 million, respectively. The total value of the units granted to date under the program, considering the number of units and the book value per share as of December 31, 2016 and 2015, is $92.9 million and $105.3 million, respectively.

(3) Other compensation obligations

Employee entitlements to annual leave and long-service leave are accrued as earned.

Compensation to employees in the event of dismissal is charged to income in the year in which it becomes payable.

P Provisions

Tenaris is subject to various claims, lawsuits and other legal proceedings, including customer claims, in which a third party is seeking payment for alleged damages, reimbursement for losses or indemnity. Tenaris's potential liability with respect to such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management periodically reviews the status of each significant matter and assesses potential financial exposure. If, as a result of past events, a potential loss from a claim or proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration Tenaris's litigation and settlement strategies. These estimates are primarily constructed with the assistance of legal counsel. As the scope of liabilities become better defined, there may be changes in the estimates of future costs which could have a material adverse effect on its results of operations, financial condition and cash flows.

If Tenaris expects to be reimbursed for an accrued expense, as would be the case for an expense or loss covered under an insurance contract, and reimbursement is considered virtually certain, the expected reimbursement is recognized as a receivable.

Q Trade payables

Trade payables are recognized initially at fair value, generally the nominal invoice amount.

R Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of Tenaris's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

Tenaris's products and services are sold based upon purchase orders, contracts or upon other persuasive evidence of an arrangement with customers, including that the sales price is known or determinable. Sales are recognized as revenue upon delivery, when neither continuing managerial involvement nor effective control over the products is retained by Tenaris and when collection is reasonably assured. Delivery is defined by the transfer of risk and may include delivery to a storage facility located at one of the Company's subsidiaries. For bill and hold transactions revenue is recognized only to the extent (a) it is highly probable delivery will be made; (b) the products have been specifically identified and are ready for delivery; (c) the sales contract specifically acknowledges the deferred delivery instructions; (d) the usual payment terms apply.

R Revenue recognition (Cont.)
The percentage of total sales that were generated from bill and hold arrangements for products located in Tenaris's storage facilities that have not been shipped to customers amounted to 2.8%, 3.0% and 1.2% as of December 31, 2016, 2015 and 2014, respectively. The Company has not experienced any material claims requesting the cancellation of bill and hold transactions.

Other revenues earned by Tenaris are recognized on the following basis:

§ Construction contracts (mainly applicable to Tenaris Brazilian subsidiaries and amounted to 37 million, 0.86% of total sales). The revenue recognition of the contracts follows the IAS 11 "Construction Contracts" guidance, that means, when the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract by reference to the stage of completion (measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract).
§ Interest income: on the effective yield basis.
§ Dividend income from investments in other companies: when Tenaris's right to receive payment is established.

S Cost of sales and sales expenses
Cost of sales and sales expenses are recognized in the Consolidated Income Statement on the accrual basis of accounting.

Commissions, freight and other selling expenses, including shipping and handling costs, are recorded in Selling, general and administrative expenses in the Consolidated Income Statement.

T Earnings per share

Earnings per share are calculated by dividing the income attributable to owners of the parent by the daily weighted average number of common shares outstanding during the year.

U Financial instruments

Non derivative financial instruments comprise investments in financial debt instruments and equity, time deposits, trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. Tenaris's non derivative financial instruments are classified into the following categories:

§ Financial instruments at fair value through profit and loss: comprise mainly Other Investments expiring in less than ninety days from the measurement date (included within cash and cash equivalents) and investments in certain financial debt instruments and time deposits held for trading.
§ Loans and receivables: comprise cash and cash equivalents, trade receivables and other receivables and are measured at amortized cost using the effective interest rate method less any impairment.
§ Available for sale assets: comprise the Company's interest in the Venezuelan Companies (see Note 31).
§ Held to maturity: comprise financial assets that the Company has both the ability and the intention to hold to maturity. They are measured at amortized cost using the effective interest method.
§ Other financial liabilities: comprise borrowings, trade and other payables and are measured at amortized cost using the effective interest rate method.

The categorization depends on the nature and purpose that the Company sets to the financial instrument.

Financial assets and liabilities are recognized and derecognized on their settlement date.

Accounting for derivative financial instruments and hedging activities is included within the Section III, Financial Risk Management.

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III. FINANCIAL RISK MANAGEMENT

The multinational nature of Tenaris's operations and customer base exposes the Company to a variety of risks, mainly related to market risks (including the effects of changes in foreign currency exchange rates and interest rates), credit risk and capital market risk. In order to manage the volatility related to these exposures, the management evaluates exposures on a consolidated basis, taking advantage of logical exposure netting. The Company or its subsidiaries may then enter into various derivative transactions in order to prevent potential adverse impacts on Tenaris's financial performance. Such derivative transactions are executed in accordance with internal policies and hedging practices. The Company's objectives, policies and processes for managing these risks remained unchanged during 2016.

A. Financial Risk Factors

(i) Capital Risk Management
Tenaris seeks to maintain a low debt to total equity ratio considering the industry and the markets where it operates. The year-end ratio of debt to total equity (where "debt" comprises financial borrowings and "total equity" is the sum of financial borrowings and equity) is 0.07 as of December 31, 2016 and 0.08 as of December 31, 2015. The Company does not have to comply with regulatory capital adequacy requirements.

(ii) Foreign exchange risk
Tenaris manufactures and sells its products in a number of countries throughout the world and consequently is exposed to foreign exchange rate risk. Since the Company's functional currency is the U.S. dollar the purpose of Tenaris's foreign currency hedging program is mainly to reduce the risk caused by changes in the exchange rates of other currencies against the U.S. dollar.

Tenaris's exposure to currency fluctuations is reviewed on a periodic consolidated basis. A number of derivative transactions are performed in order to achieve an efficient coverage in the absence of operative or natural hedges. Almost all of these transactions are forward exchange rates contracts (see Note 24 Derivative financial instruments).

Tenaris does not enter into derivative financial instruments for trading or other speculative purposes, other than non-material investments in structured products.

Because certain subsidiaries have functional currencies other than the U.S. dollar, the results of hedging activities, reported in accordance with IFRS, may not reflect entirely the management's assessment of its foreign exchange risk hedging program. Intercompany balances between Tenaris's subsidiaries may generate financial gains (losses) to the extent that functional currencies differ.

The value of Tenaris's financial assets and liabilities is subject to changes arising out of the variation of foreign currency exchange rates. The following table provides a breakdown of Tenaris's main financial assets and liabilities (including foreign exchange derivative contracts) which impact the Company's profit and loss as of December 31, 2016 and 2015:

All amounts Long / (Short) in thousands of U.S. dollars	As of December 31,	
Currency Exposure / Functional currency	2016	2015
Argentine Peso / U.S. Dollar	(60,204)	(73,399)
Euro / U.S. Dollar	(406,814)	(334,831)
U.S. Dollar / Brazilian Real	125,880	66,826

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A. Financial Risk Factors (Cont.)

(ii) Foreign exchange risk (Cont.)
The main relevant exposures correspond to:

§ Argentine Peso / U.S. dollar

As of December 31, 2016 and 2015 consisting primarily of Argentine Peso-denominated financial, trade, social and fiscal payables at certain Argentine subsidiaries which functional currency is the U.S. dollar. A change of 1% in the ARS/USD exchange rate would have generated a pre-tax gain / loss of $0.6 million and $0.7 million as of December 31, 2016 and 2015, respectively.

§ Euro / U.S. dollar

As of December 31, 2016 and 2015, consisting primarily of Euro-denominated intercompany liabilities at certain subsidiaries which functional currency is the U.S. dollar. A change of 1% in the EUR/USD exchange rate would have generated a pre-tax gain / loss of $4.1 million and $3.3 million as of December 31, 2016 and 2015, respectively, which would have been to a large extent offset by changes in currency translation adjustment included in Tenaris's net equity position.

§ U.S. dollar / Brazilian Real

As of December 31, 2016 consisting primarily of Cash and cash equivalent and Other investments denominated in U.S. dollar at subsidiaries which functional currency is the Brazilian real. A change of 1% in the BRL/USD exchange rate would generate a pre-tax gain / loss of $1.3 million and $0.7 million in December 31, 2016 and 2015, respectively (including a gain / loss of $0.5 million in 2016 and $0.7 million in 2015 due to foreign exchange derivative contracts entered to preserve the U.S. dollar value of trade receivables and cash denominated in Brazilian Real), which would have been to a large extent offset by changes in currency translation adjustment included in Tenaris's net equity position.

Considering the balances held as of December 31, 2016 on financial assets and liabilities exposed to foreign exchange rate fluctuations, Tenaris estimates that the impact of a simultaneous 1% appreciation / depreciation movement in the levels of foreign currencies exchange rates relative to the U.S. dollar, would be a pre-tax gain / loss of $6.6 million (including a loss / gain of $4.0 million due to foreign exchange derivative contracts), which would be partially offset by changes to Tenaris's net equity position of $4.2 million. For balances held as of December 31, 2015, a simultaneous 1% favorable / unfavorable movement in the foreign currencies exchange rates relative to the U.S. dollar, would have generated a pre-tax gain / loss of $5.1 million (including a loss / gain of $5.3 million due to foreign exchange derivative contracts), which would have been partially offset by changes to Tenaris's net equity position of $3.9 million.

(iii) Interest rate risk
Tenaris is subject to interest rate risk on its investment portfolio and its debt. The Company uses a mix of variable and fixed rate debt in combination with its investment portfolio strategy. From time to time, the Company may choose to enter into foreign exchange derivative contracts and / or interest rate swaps to mitigate the exposure to changes in the interest rates.
The following table summarizes the proportions of variable-rate and fixed-rate debt as of each year end.

As of December 31,			
2016		2015	
Amount in thousands of U.S. dollars	%		%

			Amount in thousands of U.S. dollars	
Fixed rate	820,600	98%	954,681	98%
Variable rate	19,636	2%	16,835	2%
Total (*)	840,236		971,516	

(*) As of December 31, 2016 approximately 66% of the total debt balance corresponded to fixed-rate borrowings where the original period was nonetheless equal to or less than 360 days. This compares to approximately 59% of the total outstanding debt balance as of December 31, 2015.

The Company estimates that, if market interest rates applicable to Tenaris's borrowings had been 100 basis points higher, then the additional pre-tax loss would have been $8.8 million in 2016 and $10.8 million in 2015.

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A. Financial Risk Factors (Cont.)

(iv) Credit risk
Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company also actively monitors the creditworthiness of its treasury, derivative and insurance counterparties in order to minimize its credit risk.

There is no significant concentration of credit risk from customers. No single customer comprised more than 10% of Tenaris's net sales in 2016, 2015 and 2014.

Tenaris's credit policies related to sales of products and services are designed to identify customers with acceptable credit history and to allow Tenaris to require the use of credit insurance, letters of credit and other instruments designed to minimize credit risks whenever deemed necessary. Tenaris maintains allowances for impairment for potential credit losses (See Section II J).

As of December 31, 2016 and 2015 trade receivables amount to $954,7 million and $1,135.1 million respectively. Trade receivables have guarantees under credit insurance of $222.1 million and $325.1 million, letter of credit and other bank guarantees of $117.8 million and $20.5 million, and other guarantees of $15.6 million and $7.9 million as of December 31, 2016 and 2015 respectively.

As of December 31, 2016 and 2015 past due trade receivables amounted to $249.0 million and $333.8 million, respectively. Out of those amounts $83.1 million and $84.9 million are guaranteed trade receivables while $85.7 million and $101.5 million are included in the allowance for doubtful accounts. Both the allowance for doubtful accounts and the existing guarantees are sufficient to cover doubtful trade receivables.

(v) Counterparty risk
Tenaris has investment guidelines with specific parameters to limit issuer risk on marketable securities. Counterparties for derivatives and cash transactions are limited to high credit quality financial institutions, normally investment grade.

Approximately 82% of Tenaris's liquid financial assets correspond to Investment Grade-rated instruments as of December 31, 2016, in comparison with approximately 92% as of December 31, 2015.

(vi) Liquidity risk

Tenaris financing strategy aims to maintain adequate financial resources and access to additional liquidity. During 2016, Tenaris has counted on cash flows from operations as well as additional bank financing to fund its transactions.

Management maintains sufficient cash and marketable securities to finance normal operations and believes that Tenaris also has appropriate access to market for short-term working capital needs.

Liquid financial assets as a whole (comprising cash and cash equivalents and other investments) were 16% of total assets at the end of 2016 compared to 19% at the end of 2015.

Tenaris has a conservative approach to the management of its liquidity, which consists of cash in banks, liquidity funds and short-term investments mainly with a maturity of less than three months at the date of purchase.

Tenaris holds primarily investments in money market funds and variable or fixed-rate securities from investment grade issuers. As of December 31, 2016 and 2015, Tenaris does not have direct exposure to financial instruments issued by European sovereign counterparties.

Tenaris holds its investments primarily in U.S. dollars. As of December 31, 2016 and 2015, U.S. dollar denominated liquid assets represented approximately 95% and 87% of total liquid financial assets respectively.

A. Financial Risk Factors (Cont.)

(vii) Commodity price risk

In the ordinary course of its operations, Tenaris purchases commodities and raw materials that are subject to price volatility caused by supply conditions, political and economic variables and other factors. As a consequence, Tenaris is exposed to risk resulting from fluctuations in the prices of these commodities and raw materials. Tenaris fixes the prices of such raw materials and commodities for short-term periods, typically not in excess of one year, in general Tenaris does not hedge this risk.

B. Category of Financial Instruments and Classification Within the Fair Value Hierarchy

Accounting policies for financial instruments have been applied to classify as either: loans and receivables, held-to-maturity, available-for-sale, or fair value through profit and loss. For financial instruments that are measured in the statement of financial position at fair value, IFRS 13 requires a disclosure of fair value measurements by level according to the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following tables present the financial instruments by category and levels as of December 31, 2016 and 2015.

		Measurement Categories				At Fair Value		
December 31, 2016	Carrying Amount	Loans & Receivables	Held to Maturity	Available for sale	Assets at fair value through profit and loss	Level 1	Level 2	Level 3
Assets								
Cash and cash equivalents	399,737	92,730	-	-	307,007	307,007	-	-
Cash at banks	92,730	92,730	-	-	-	-	-	-
Liquidity funds	215,807	-	-	-	215,807	215,807	-	-
Short – term investments	91,200	-	-	-	91,200	91,200	-	-
Other investments	1,633,142	-	246,031	-	1,387,111	607,866	779,245	-
Fixed Income (time-deposit, zero cupon bonds, commercial papers)	782,029	-	-	-	782,029	76,260	705,769	-
Non - U.S. Sovereign Bills	41,370	-	-	-	41,370	41,370	-	-
Certificates of Deposits	525,068	-	-	-	525,068	-	525,068	-
Commercial Papers	34,890	-	-	-	34,890	34,890	-	-
Other notes	180,701	-	-	-	180,701	-	180,701	-
Bonds and other fixed Income	841,638	-	246,031	-	595,607	522,131	73,476	-
U.S. government securities	216,732	-	-	-	216,732	216,732	-	-
Non - U.S. government securities	88,805	-	32,644	-	56,161	56,161	-	-
Corporates securities	462,625	-	213,387	-	249,238	249,238	-	-
	73,476	-	-	-	73,476	-	73,476	-

Mortgage- and Asset-backed securities								
Fund Investments	9,475	-	-	-	9,475	9,475	-	-
Other Investments Non-current	249,719	-	248,049	-	1,670	-	-	1,670
Bonds and other fixed Income	248,049	-	248,049	-	-	-	-	-
Other Investments	1,670	-	-	-	1,670	-	-	1,670
Trade receivables	954,685	954,685	-	-	-	-	-	-
Receivables C and NC	321,718	176,990	-	-	2,759	-	2,759	-
Foreign exchange derivatives contracts	2,759	-	-	-	2,759	-	2,759	-
Other receivables	176,990	176,990	-	-	-	-	-	-
Other receivables (non-Financial)	141,969	-	-	-	-	-	-	-
Available for sale assets (*)	21,572	-	-	21,572	-	-	-	21,572
Total		1,224,405	494,080	21,572	1,698,547	914,873	782,004	23,242
Liabilities								
Borrowings C and NC	840,236	840,236	-	-	-	-	-	-
Trade payables	556,834	556,834	-	-	-	-	-	-
Other liabilities	183,887	-	-	-	42,635	-	42,635	-
Foreign exchange derivatives contracts	42,635	-	-	-	42,635	-	42,635	-
Other liabilities (non-Financial)	141,252	-	-	-	-	-	-	-
Total		1,397,070	-	-	42,635	-	42,635	-

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B. Category of Financial Instruments and Classification Within the Fair Value Hierarchy (Cont.)

December 31, 2015	Carrying Amount	Measurement Categories Loans & Receivables	Held to Maturity	Available for sale	Assets at fair value through profit and loss	At Fair Value Level 1	Level 2	Level 3
Assets								
Cash and cash equivalents	286,547	101,019	-	-	185,528	185,528	-	-
Cash at banks	101,019	101,019	-	-	-	-	-	-
Liquidity funds	81,735	-	-	-	81,735	81,735	-	-
Short – term investments	103,793	-	-	-	103,793	103,793	-	-
Other investments Current	2,140,862	-	-	-	2,140,862	1,348,268	792,594	-
Fixed Income (time-deposit, zero cupon bonds, commercial papers)	877,436	-	-	-	877,436	219,927	657,509	-
Non - U.S. Sovereign Bills	189,973	-	-	-	189,973	189,973	-	-
Certificates of Deposits	489,248	-	-	-	489,248	-	489,248	-
Commercial Papers	29,954	-	-	-	29,954	29,954	-	-
Other notes	168,261	-	-	-	168,261	-	168,261	-
Bonds and other fixed Income	1,203,695	-	-	-	1,203,695	1,068,610	135,085	-
U.S. government securities	249,124	-	-	-	249,124	249,124	-	-
Non - U.S. government securities	92,975	-	-	-	92,975	92,975	-	-
Corporates securities	726,511	-	-	-	726,511	726,511	-	-
Mortgage- and Asset-backed securities	82,839	-	-	-	82,839	-	82,839	-
Structured Notes	52,246	-	-	-	52,246	-	52,246	-
Fund Investments	59,731	-	-	-	59,731	59,731	-	-
Other Investments Non-current	394,746	-	393,084	-	1,662	-	-	1,662
Bonds and other fixed Income	393,084	-	393,084	-	-	-	-	-
Other Investments	1,662	-	-	-	1,662	-	-	1,662
Trade receivables	1,135,129	1,135,129	-	-	-	-	-	-
Receivables C and NC	369,410	131,896	-	-	18,248	-	18,248	-
Foreing exchange derivatives contracts	18,248	-	-	-	18,248	-	18,248	-
Other receivables	131,896	131,896	-	-	-	-	-	-
Other receivables (non-Financial)	219,266	-	-	-	-	-	-	-
Available for sale assets (*)	21,572	-	-	21,572	-	-	-	21,572
Total		1,368,044	393,084	21,572	2,346,300	1,533,796	810,842	23,234
Liabilities								
Borrowings C and NC	971,516	971,516	-	-	-	-	-	-
Trade payables	503,845	503,845	-	-	-	-	-	-
Other liabilities	222,842	14,869	-	-	34,541	-	34,541	-

Foreign exchange derivatives contracts	34,541	-	-	-	34,541	-	34,541	-
Other liabilities	14,869	14,869	-	-	-	-	-	-
Other liabilities (non-Financial)	173,432	-	-	-	-	-	-	-
Total		1,490,230	-	-	34,541	-	34,541	-

(*) For further detail regarding Available for sale assets, see Note 31.

There were no transfers between Level 1 and 2 during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by Tenaris is the current bid price. These instruments are included in Level 1 and comprise primarily corporate and sovereign debt securities.

The fair value of financial instruments that are not traded in an active market (such as certain debt securities, certificates of deposits with original maturity of more than three months, forward and interest rate derivative instruments) is determined by using valuation techniques which maximize the use of observable market data when available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2. Tenaris values its assets and liabilities included in this level using bid prices, interest rate curves, broker quotations, current exchange rates, forward rates and implied volatilities obtained from market contributors as of the valuation date.

If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3. Tenaris values its assets and liabilities in this level using observable market inputs and management assumptions which reflect the Company's best estimate on how market participants would price the asset or liability at measurement date. Main balances included in this level correspond to Available for sale assets related to Tenaris's interest in Venezuelan companies under process of nationalization (see Note 31).

B. Category of Financial Instruments and Classification Within the Fair Value Hierarchy (Cont.)

The following table presents the changes in Level 3 assets and liabilities:

	Year ended December 31,	
	2016	2015
	Assets / Liabilities	
At the beginning of the period	23,234	23,111
Currency translation adjustment and others	8	123
At the end of the year	23,242	23,234

C. Fair value estimation

Financial assets or liabilities classified as assets at fair value through profit or loss are measured under the framework established by the IASB accounting guidance for fair value measurements and disclosures.

The fair values of quoted investments are generally based on current bid prices. If the market for a financial asset is not active or no market is available, fair values are established using standard valuation techniques.

Some of Tenaris's investments are designated as held to maturity and measured at amortized cost. Tenaris estimates that the fair value of these financial assets is 100.8% and 99% of its carrying amount including interests accrued as of December 31, 2016 and 2015 respectively.

The fair value of all outstanding derivatives is determined using specific pricing models that include inputs that are observable in the market or can be derived from or corroborated by observable data. The fair value of forward foreign exchange contracts is calculated as the net present value of the estimated future cash flows in each currency, based on observable yield curves, converted into U.S. dollars at the spot rate of the valuation date.

Borrowings are comprised primarily of fixed rate debt and variable rate debt with a short term portion where interest has already been fixed. They are classified under other financial liabilities and measured at their amortized cost. Tenaris estimates that the fair value of its main financial liabilities is approximately 99.7% of its carrying amount including interests accrued in 2016 as compared with 99% in 2015. Fair values were calculated using standard valuation techniques for floating rate instruments and comparable market rates for discounting flows.

D. Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized in the statement of financial position at fair value through profit and loss on each date a derivative contract is entered into and are subsequently remeasured at fair value. Specific tools are used for calculation of each instrument's fair value and these tools are tested for consistency on a monthly basis. Market rates are used for all pricing operations. These include exchange rates, deposit rates and other discount rates matching the nature of each underlying risk.
As a general rule, Tenaris recognizes the full amount related to the change in fair value of derivative financial instruments in Financial results in the Consolidated Income Statement.
Tenaris designates certain derivatives as hedges of particular risks associated with recognized assets or liabilities or highly probable forecast transactions. These transactions (mainly currency forward contracts on highly probable forecast transactions) are classified as cash flow hedges. The effective portion of the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. Amounts accumulated in equity are then recognized in the income statement in the same period as the offsetting losses and gains on the hedged item. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. The fair value of Tenaris's derivative financial instruments (assets or liabilities) continues to be reflected in the statement of financial position. The full fair value of a hedging derivative is classified as a current or non-current asset or liability according to its expiry date.

For transactions designated and qualifying for hedge accounting, Tenaris documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. Tenaris also documents its assessment on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair value or cash flow of hedged items. At December 31, 2016 and 2015, the effective portion of designated cash flow hedges which is included in "Other Reserves" in equity amounts to $4.7 million debit and $2.8 million credit respectively (see Note 24 Derivative financial instruments).

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements in the hedging reserve included within "Other Reserves" in equity are also shown in Note 24.

IV. OTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(In the notes all amounts are shown in thousands of U.S. dollars, unless otherwise stated)

1 Segment information
As mentioned in section II. AP – C, the Segment Information is disclosed as follows:

Reportable operating segments

(all amounts in thousands of U.S. dollars)

Year ended December 31, 2016	Tubes	Other	Total continuing operations	Total discontinued operations
IFRS - Net Sales	4,015,491	278,101	4,293,592	234,911
Management View - Operating income	19,630	18,817	38,447	62,298
· Differences in cost of sales and others	(118,381)	(6,962)	(125,343)	3,540
· Differences in depreciation and amortization	27,640	199	27,839	-
IFRS - Operating (loss) income	(71,111)	12,054	(59,057)	65,838
Financial income (expense), net			21,954	(88)
(Loss) income before equity in earnings of non-consolidated companies and income tax			(37,103)	65,750
Equity in earnings of non-consolidated companies			71,533	-
Income before income tax			34,430	65,750
Capital expenditures	751,854	33,108	784,962	1,911
Depreciation and amortization	642,896	14,213	657,109	5,303

(all amounts in thousands of U.S. dollars)

Year ended December 31, 2015	Tubes	Other	Total continuing operations	Total discontinued operations
IFRS - Net Sales	6,443,814	459,309	6,903,123	197,630
Management View - Operating income	685,870	27,884	713,754	38,547
· Differences in cost of sales and others	(228,948)	(880)	(229,828)	(8,914)
· Differences in impairment / Depreciation and amortization	(319,293)	1,162	(318,131)	-
IFRS - Operating income	137,629	28,166	165,795	29,633
Financial income (expense), net			14,592	(382)
Income before equity in earnings of non-consolidated companies and income tax			180,387	29,251
Equity in losses of non-consolidated companies			(39,558)	-
Income before income tax			140,829	29,251
Capital expenditures	1,088,901	41,412	1,130,313	1,206
Depreciation and amortization	638,456	14,857	653,313	5,465

(all amounts in thousands of U.S. dollars)

Year ended December 31, 2014	Tubes	Other	Total continuing operations	Total discontinued operations
IFRS - Net Sales	9,581,615	559,844	10,141,459	196,503

Management View - Operating income	2,022,429	10,568	2,032,997	17,167
· Differences in cost of sales and others	(35,463)	4,080	(31,383)	1,117
· Differences in impairment / Depreciation and amortization	(121,289)	207	(121,082)	-
IFRS - Operating income	1,865,677	14,855	1,880,532	18,284
Financial income (expense), net			33,398	(361)
Income before equity in earnings of non-consolidated companies and income tax			1,913,930	17,923
Equity in losses of non-consolidated companies			(164,616)	-
Income before income tax			1,749,314	17,923
Capital expenditures	1,051,148	36,989	1,088,137	1,236
Depreciation and amortization	593,671	15,976	609,647	5,982

Transactions between segments, which were eliminated in consolidation, are mainly related to sales of scrap, energy, surplus raw materials and others from the Other segment to the Tubes segment for $47,939, $57,468 and $233,863 in 2016, 2015 and 2014, respectively.

Net income under Management view amounted to $96.1 million, while under IFRS amounted to $58.7 million income. In addition to the amounts reconciled above, the main differences arise from the impact of functional currencies on financial result, deferred income taxes as well as the result of investment in non-consolidated companies and changes on the valuation of inventories according to cost estimation internally defined.

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1 Segment information (Cont.)

Geographical information

(all amounts in thousands of U.S. dollars)	North America	South America	Europe	Middle East & Africa	Asia Pacific	Unallocated (*)	Total continuing operations	Total discontinued operations
Year ended December 31, 2016								
Net sales	1,320,297	1,210,527	565,173	1,055,994	141,601	-	4,293,592	234,911
Total assets	7,467,842	2,803,848	1,925,784	593,649	482,132	578,603	13,851,858	151,417
Trade receivables	229,390	204,746	161,291	308,919	50,339	-	954,685	33,620
Property, plant and equipment, net	3,652,032	1,237,391	847,318	106,941	158,257	-	6,001,939	41,470
Capital expenditures	646,545	59,780	35,270	24,166	19,201	-	784,962	1,911
Depreciation and amortization	381,811	128,458	113,875	11,053	21,912	-	657,109	5,303
Year ended December 31, 2015								
Net sales	2,668,724	2,132,221	728,815	1,096,688	276,675	-	6,903,123	197,630
Total assets	8,625,806	2,931,297	1,877,429	429,317	423,479	512,217	14,799,545	87,429
Trade receivables	339,499	396,834	181,084	137,278	52,494	-	1,107,189	27,940
Property, plant and equipment, net	3,207,661	1,269,995	907,466	86,181	155,299	-	5,626,602	45,656
Capital expenditures	822,396	168,140	82,344	36,867	20,566	-	1,130,313	1,206
Depreciation and amortization	385,189	125,754	112,742	9,912	19,716	-	653,313	5,465
Year ended December 31, 2014								
Net sales	4,782,113	2,124,607	979,042	1,843,778	411,919	-	10,141,459	196,503
Total assets	9,433,050	3,340,973	1,857,285	598,175	498,694	665,202	16,393,379	117,299
Trade receivables	709,294	554,542	259,115	340,880	74,993	-	1,938,824	24,570
Property, plant and equipment, net	2,903,848	1,303,162	683,283	60,354	158,995	-	5,109,642	49,915
Capital expenditures	609,016	338,995	111,232	10,891	18,003	-	1,088,137	1,236
Depreciation and amortization	339,203	120,905	119,226	10,154	20,159	-	609,647	5,982

There are no revenues from external customers attributable to the Company's country of incorporation (Luxembourg). For geographical information purposes, "North America" comprises Canada, Mexico and the USA (24.8%); "South America" comprises principally Argentina (16.5%), Brazil and Colombia; "Europe" comprises principally Italy, Norway and Romania; "Middle East and Africa" comprises principally Kuwait, Nigeria, Egypt and Saudi Arabia and; "Asia Pacific" comprises principally China, Japan and Indonesia.

(*) Includes Investments in non-consolidated companies and Available for sale assets for $21.6 million in 2016, 2015 and 2014 (see Note 12 and 31).

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2 Cost of sales

	Year ended December 31,		
(all amounts in thousands of U.S. dollars)	2016	2015	2014
Inventories at the beginning of the year	1,843,467	2,779,869	2,702,647
Plus: Charges of the period			
Raw materials, energy, consumables and other	1,528,532	1,934,209	3,944,283
Increase in inventory due to business combinations	-	-	4,338
Services and fees	199,210	298,470	453,818
Labor cost	658,975	947,997	1,204,720
Depreciation of property, plant and equipment	376,965	377,596	366,932
Amortization of intangible assets	27,244	24,100	17,324
Maintenance expenses	122,553	184,053	217,694
Allowance for obsolescence	32,765	68,669	4,704
Taxes	16,693	21,523	20,024
Other	89,575	92,059	130,845
	3,052,512	3,948,676	6,364,682
Less: Inventories at the end of the year (*)	(1,593,708)	(1,843,467)	(2,779,869)
From discontinued operations	(136,587)	(137,318)	(147,045)
	3,165,684	4,747,760	6,140,415

(*) Includes 29.8 million related to discontinued operations.

For the year ended December 2016 and 2015, labor cost includes approximately $35 million and $104 million respectively of severance indemnities related to the adjustment of the workforce to market conditions.

3 Selling, general and administrative expenses

	Year ended December 31,		
(all amounts in thousands of U.S. dollars)	2016	2015	2014
Services and fees	123,653	158,541	178,700
Labor cost	441,355	579,360	594,660
Depreciation of property, plant and equipment	16,965	18,543	20,197
Amortization of intangible assets	241,238	238,539	211,176
Commissions, freight and other selling expenses	243,401	351,657	598,138
Provisions for contingencies	30,841	19,672	35,557
Allowances for doubtful accounts	(12,573)	36,788	21,704
Taxes	67,724	129,018	165,675
Other	76,563	92,157	138,145
	1,229,167	1,624,275	1,963,952
From discontinued operations	(32,238)	(30,678)	(31,174)
	1,196,929	1,593,597	1,932,778

For the year ended December 2016 and 2015, labor cost includes approximately $38 million and $73 million respectively of severance indemnities related to the adjustment of the workforce to market conditions.

4 Labor costs (included in Cost of sales and in Selling, general and administrative expenses)

Year ended December 31,

(all amounts in thousands of U.S. dollars)	2016	2015	2014
Wages, salaries and social security costs	1,062,535	1,504,918	1,743,253
Employees' service rescission indemnity (including those classified as defined contribution plans)	10,758	13,286	17,431
Pension benefits - defined benefit plans	10,563	14,813	18,645
Employee retention and long term incentive program	16,474	(5,660)	20,051
	1,100,330	1,527,357	1,799,380
From discontinued operations	(28,306)	(24,665)	(23,233)
	1,072,024	1,502,692	1,776,147

At the year-end, the number of employees was 19,399 in 2016, 21,741 in 2015 and 27,816 in 2014.

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4 Labor costs (included in Cost of sales and in Selling, general and administrative expenses) (Cont.)

The following table shows the geographical distribution of the employees:

Country	2016	2015	2014
Argentina	4,755	5,388	6,421
Mexico	4,968	5,101	5,518
Brazil	1,166	2,050	3,835
USA	1,636	2,190	3,549
Italy	1,979	2,030	2,352
Romania	1,631	1,624	1,725
Canada	473	546	1,225
Indonesia	509	532	677
Colombia	750	636	614
Japan	458	508	588
Other	1,074	1,136	1,312
	19,399	21,741	27,816
From discontinued operations	(323)	(292)	(267)
	19,076	21,449	27,549

5 Other operating income and expenses

	Year ended December 31,		
(all amounts in thousands of U.S. dollars)	2016	2015	2014
Other operating income			
Net income from other sales	16,275	7,480	8,843
Net rents	4,852	6,462	4,041
Other	-	661	14,971
	21,127	14,603	27,855
Other operating expenses			
Contributions to welfare projects and non-profits organizations	9,534	9,052	9,961
Provisions for legal claims and contingencies	10	1	(760)
Loss on fixed assets and material supplies disposed / scrapped	57	94	203
Impairment charge	-	400,314	205,849
Allowance for doubtful receivables	432	1,114	336
Other	1,378	-	-
	11,411	410,575	215,589
From discontinued operations	(248)	(1)	-
	11,163	410,574	215,589

Impairment charge

Tenaris regularly conducts assessments of the carrying values of its assets. The value-in-use was used to determine the recoverable value. Value-in-use is calculated by discounting the estimated cash flows over a five year period based on forecasts approved by management. For the subsequent years beyond the five-year period, a terminal value is calculated based on perpetuity considering a nominal growth rate of 2%. The growth rate considers the long-term average growth rate for the oil and gas industry, the higher demand to offset depletion of existing fields and the Company's expected market penetration.

Tenaris's main source of revenue is the sale of products and services to the oil and gas industry and the level of such sales is sensitive to international oil and gas prices and their impact on drilling activities.

For purposes of assessing key assumptions, Tenaris uses external sources of information and management judgment based on past experience.

The main key assumptions, used in estimating the value in use are discount rate, growth rate and competitive and economic factors applied to determine Tenaris's cash flow projections, such as the cost of raw materials, oil and gas prices, competitive environment, capital expenditure programs for Tenaris's customers and the evolution of the rig count.

The discount rates used are based on the respective weighted average cost of capital (WACC) which is considered to be a good indicator of capital cost. For each CGU where assets are allocated, a specific WACC was determined taking into account the industry, country and size of the business. In 2016, the main discount rates used were in a range between 9.1% and 10.9%.

5 Other operating income and expenses (Cont.)

The main factors that could result in additional impairment charges in future periods would be an increase in the discount rate / decrease in growth rate used in the Company's cash flow projections, a further deterioration of the business, competitive and economic factors, such as the oil and gas prices and the evolution of the rig count.

From the CGUs with significant amount of goodwill assigned in comparison to the total amount of goodwill, Tenaris has determined that the CGU for which a reasonable possible change in a key assumption would cause the CGUs´ carrying amount to exceed its recoverable amount was OCTG USA.

In OCTG USA, the recoverable amount calculated based on value in use exceed carrying value by $154.6 million as of December 31, 2016. The following changes in key assumptions, at CGU OCTG - USA, assuming unchanged values for the other assumptions, would cause the recoverable amount to be equal to the respective carrying value as of the impairment test:

Increase in the discount rate	117 Bps
Decrease of the growth rate	-1.6%
Decrease of the cash flow projections	-17.2%

In 2015 and 2014, as a result of the deterioration of business conditions, the Company recorded impairment charges on its welded pipe assets of $400.3 and $205.8 respectively.

6 Financial results

(all amounts in thousands of U.S. dollars)	Year ended December 31,		
	2016	2015	2014
Interest Income	60,405	39,516	34,582
Interest from available-for-sale financial assets	-	-	4,992
Net result on changes in FV of financial assets at FVTPL	5,799	(4,942)	(1,478)
Net result on available-for-sale financial assets	-	-	115
Finance income	66,204	34,574	38,211
Finance Cost	(22,329)	(23,058)	(44,388)
Net foreign exchange transactions results	(2,146)	(13,301)	50,298
Foreign exchange derivatives contracts results	(31,310)	30,468	(4,733)
Other	11,447	(14,473)	(6,351)
Other Financial results	(22,009)	2,694	39,214
Net Financial results	21,866	14,210	33,037
From discontinued operations	88	382	361
	21,954	14,592	33,398

During 2015 Tenaris has derecognized all its fixed income financial instruments categorized as available for sale.

7 Equity in earnings (losses) of non-consolidated companies

	Year ended December 31,		
(all amounts in thousands of U.S. dollars)	2016	2015	2014
From non-consolidated companies	71,533	(10,674)	(24,696)
Gain on equity interest (see Note 26)	-	-	21,302
Impairment loss on non-consolidated companies (see Note 12)	-	(28,884)	(161,222)

71,533 (39,558) (164,616)

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8 Income tax

	Year ended December 31,		
(all amounts in thousands of U.S. dollars)	2016	2015	2014
Current tax	174,410	164,562	695,136
Deferred tax	(132,969)	79,943	(109,075)
	41,441	244,505	586,061
From discontinued operations	(24,339)	(10,121)	(5,630)
	17,102	234,384	580,431

The tax on Tenaris's income before tax differs from the theoretical amount that would arise using the tax rate in each country as follows:

	Year ended December 31,		
(all amounts in thousands of U.S. dollars)	2016	2015	2014
Income before income tax	34,430	140,829	1,749,314
Tax calculated at the tax rate in each country (*)	(91,628)	(71,588)	307,193
Non taxable income / Non deductible expenses, net (*)	51,062	149,632	132,442
Changes in the tax rates	4,720	6,436	3,249
Effect of currency translation on tax base (**)	105,758	151,615	138,925
Accrual / Utilization of previously unrecognized tax losses (***)	(52,810)	(1,711)	(1,378)
Tax charge	17,102	234,384	580,431

(*) Include the effect of the impairment charges of approximately $400.3 million and $205.8 million in 2015 and 2014, respectively.

(**) Tenaris applies the liability method to recognize deferred income tax on temporary differences between the tax basis of assets and their carrying amounts in the financial statements. By application of this method, Tenaris recognizes gains and losses on deferred income tax due to the effect of the change in the value on the tax basis in subsidiaries (mainly Mexican, Colombia and Argentinian), which have a functional currency different than their local currency. These gains and losses are required by IFRS even though the revalued / devalued tax basis of the relevant assets will not result in any deduction / obligation for tax purposes in future periods.

(***) It includes a deferred tax income of approximately $45 million booked in the last quarter of 2016 related to a capital loss generated from the dissolution of some companies which effects can be carried forward and used to offset any future capital gains in the United States.

9 Dividends distribution

On November 3, 2016, the Company's Board of Directors approved the payment of an interim dividend of $0.13 per share ($0.26 per ADS), or approximately $153 million, paid on November 23, 2016, with an ex-dividend date of November 21, 2016.

On May 4, 2016 the Company's Shareholders approved an annual dividend in the amount of $0.45 per share ($0.90 per ADS). The amount approved included the interim dividend previously paid in November 25, 2015 in the amount of $0.15 per share ($0.30 per ADS). The balance, amounting to $0.30 per share ($0.60 per ADS), was paid on May 25, 2016. In the aggregate, the interim dividend paid in November 2015 and the balance paid in May 2016 amounted to approximately $531.2 million.

On May 6, 2015 the Company's Shareholders approved an annual dividend in the amount of $0.45 per share ($0.90 per ADS). The amount approved included the interim dividend previously paid in November 27, 2014 in the amount of $0.15 per share ($0.30 per ADS). The balance, amounting to $0.30 per share ($0.60 per ADS), was paid on May 20, 2015. In the aggregate, the interim dividend paid in November 2014 and the balance paid in May 2015 amounted to approximately $531.2 million.

On May 7, 2014 the Company's Shareholders approved an annual dividend in the amount of $0.43 per share ($0.86 per ADS). The amount approved included the interim dividend previously paid in November 21, 2013 in the amount of $0.13 per share ($0.26 per ADS). The balance, amounting to $0.30 per share ($0.60 per ADS), was paid on May 22, 2014. In the aggregate, the interim dividend paid in November 2013 and the balance paid in May 2014 amounted to approximately $507.6 million.

10 Property, plant and equipment, net

Year ended December 31, 2016	Land, building and improvements	Plant and production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts and equipment	Total
Cost						
Values at the beginning of the year	1,766,103	8,419,792	366,972	1,217,682	32,651	11,803,200
Translation differences	10,483	(2,284)	3,716	2,604	(290)	14,229
Additions (*)	572	1,445	747	750,075	4,656	757,495
Disposals / Consumptions	(5,774)	(22,306)	(11,037)	(4,852)	(2,494)	(46,463)
Transfer to assets held for sale	(34,849)	(61,380)	(1,103)	(1,407)	(177)	(98,916)
Transfers / Reclassifications	100,079	356,420	13,694	(474,063)	1,640	(2,230)
Values at the end of the year	1,836,614	8,691,687	372,989	1,490,039	35,986	12,427,315
Depreciation and impairment						
Accumulated at the beginning of the year	455,499	5,432,715	228,966	-	13,762	6,130,942
Translation differences	2,240	(6,087)	2,953	-	(358)	(1,252)
Depreciation charge	46,150	324,886	22,361	-	533	393,930
Transfers / Reclassifications	2,856	(6,761)	(333)	-	(3,396)	(7,634)
Transfer to assets held for sale	(8,552)	(47,928)	(966)	-	-	(57,446)
Disposals / Consumptions	(3,064)	(21,228)	(8,872)	-	-	(33,164)
Accumulated at the end of the year	495,129	5,675,597	244,109	-	10,541	6,425,376
At December 31, 2016	1,341,485	3,016,090	128,880	1,490,039	25,445	6,001,939

Year ended December 31, 2015	Land, building and improvements	Plant and production equipment	Vehicles, furniture and fixtures	Work in progress	Spare parts and equipment	Total
Cost						
Values at the beginning of the year	1,633,797	8,233,902	359,554	846,538	38,075	11,111,866
Translation differences	(28,711)	(250,470)	(9,382)	(10,352)	(1,919)	(300,834)
Additions (*)	13,065	16,064	2,022	1,036,818	(2,246)	1,065,723
Disposals / Consumptions	(1,892)	(55,452)	(8,940)	(5,691)	(285)	(72,260)
Transfers / Reclassifications	149,844	475,748	23,718	(649,631)	(974)	(1,295)
	1,766,103	8,419,792	366,972	1,217,682	32,651	11,803,200

Values at the end of the year						
Depreciation and impairment						
Accumulated at the beginning of the year	418,210	5,301,765	216,982	-	15,352	5,952,309
Translation differences	(8,956)	(135,538)	(7,528)	-	(1,093)	(153,115)
Depreciation charge	45,644	325,241	24,313	-	941	396,139
Transfers / Reclassifications	2,474	(4,114)	1,987	-	(1,485)	(1,138)
Disposals / Consumptions	(1,873)	(54,639)	(6,788)	-	47	(63,253)
Accumulated at the end of the year	455,499	5,432,715	228,966	-	13,762	6,130,942
At December 31, 2015	1,310,604	2,987,077	138,006	1,217,682	18,889	5,672,258

Property, plant and equipment include capitalized interests for net amounts at December 31, 2016 and 2015 of $25.4 million and $15.5 million, respectively. The average capitalization interest rates applied were 1.28% during 2016 and 1.53% during 2015.

(*) The increase is mainly due to progress in the construction of the greenfield seamless facility in Bay City, Texas.
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11 Intangible assets, net

Year ended December 31, 2016	Information system projects	Licenses, patents and trademarks (*)	Goodwill	Customer relationships	Total
Cost					
Values at the beginning of the year	524,869	494,662	2,170,709	2,059,946	5,250,186
Translation differences	2,264	(29)	4,671	-	6,906
Additions	28,730	648	-	-	29,378
Transfers / Reclassifications	(546)	(222)	-	-	(768)
Transfer to assets held for sale	(836)	(32,600)	(85,123)	(1,000)	(119,559)
Disposals	(151)	(840)	-	-	(991)
Values at the end of the year	554,330	461,619	2,090,257	2,058,946	5,165,152
Amortization and impairment					
Accumulated at the beginning of the year	335,532	364,412	836,939	1,569,851	3,106,734
Translation differences	1,325	-	-	-	1,325
Amortization charge	72,632	30,633	-	165,217	268,482
Transfer to assets held for sale	(718)	(32,600)	(39,347)	(1,000)	(73,665)
Transfers / Reclassifications	(245)	(153)	-	-	(398)
Disposals	(153)	-	-	-	(153)
Accumulated at the end of the year	408,373	362,292	797,592	1,734,068	3,302,325
At December 31, 2016	145,957	99,327	1,292,665	324,878	1,862,827

Year ended December 31, 2015	Information system projects	Licenses, patents and trademarks (*)	Goodwill	Customer relationships	Total
Cost					
Values at the beginning of the year	471,935	494,014	2,182,004	2,059,946	5,207,899
Translation differences	(12,127)	(127)	(11,295)	-	(23,549)
Additions	65,022	774	-	-	65,796
Transfers / Reclassifications	95	1,028	-	-	1,123
Disposals	(56)	(1,027)	-	-	(1,083)
Values at the end of the year	524,869	494,662	2,170,709	2,059,946	5,250,186
Amortization and impairment					
Accumulated at the beginning of the year	283,679	332,823	436,625	1,397,142	2,450,269
Translation differences	(7,454)	-	-	-	(7,454)
Amortization charge	59,342	30,588	-	172,709	262,639
Impairment charge (See Note 5)	-	-	400,314	-	400,314
Transfers / Reclassifications	(35)	1,001	-	-	966
Accumulated at the end of the year	335,532	364,412	836,939	1,569,851	3,106,734
At December 31, 2015	189,337	130,250	1,333,770	490,095	2,143,452

(*) Includes Proprietary Technology.

The geographical allocation of goodwill for the year ended December 31, 2016 was $1,168.4 million for North America, $121.7 million for South America, $1.8 million for Europe and $0.7 million for Middle East & Africa.

The carrying amount of goodwill allocated by CGU, as of December 31, 2016, was as follows:

(All amounts in million US dollar)

As of December 31, 2016	Tubes Segment			Other Segment	
CGU	Maverick Acquisition	Hydril Acquisition	Other	Maverick Acquisition	Total
OCTG (USA)	225	-	-	-	225
Tamsa (Hydril and other)	-	346	19	-	365
Siderca (Hydril and other)	-	265	93	-	358
Hydril	-	309	-	-	309
Coiled Tubing	-	-	-	4	4
Socotherm	-	-	28	-	28
Other	-	-	4	-	4
Total	225	920	144	4	1,293

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12 Investments in non-consolidated companies

	Year ended December 31, 2016	2015
At the beginning of the year	490,645	643,630
Translation differences	3,473	(92,914)
Equity in earnings of non-consolidated companies	71,533	(10,674)
Impairment loss in non-consolidated companies	-	(28,884)
Dividends and distributions received (a)	(20,674)	(20,674)
Additions	17,108	4,400
Decrease / increase in equity reserves	(5,054)	(4,239)
At the end of the period	557,031	490,645

§ Related to Ternium

The principal non-consolidated companies are:

		% ownership at December 31,		Value at December 31,	
Company	Country of incorporation	2016	2015	2016	2015
a) Ternium (*)	Luxembourg	11.46%	11.46%	491,285	449,375
b) Usiminas (**)	Brazil	3.08%	2.5%	61,904	36,109
Others	-	-	-	3,842	5,161
				557,031	490,645

(*) Including treasury shares.
(**)At December 31, 2016 and 2015 the voting rights were 5.2% and 5.0% respectively.

a) Ternium S.A.

Ternium S.A. ("Ternium"), is a steel producer with production facilities in Mexico, Argentina, Colombia, United States and Guatemala and is one of Tenaris's main suppliers of round steel bars and flat steel products for its pipes business.
At December 31, 2016, the closing price of Ternium's ADSs as quoted on the New York Stock Exchange was $24.15 per ADS, giving Tenaris's ownership stake a market value of approximately $554.8 million (Level 1). At December 31, 2016, the carrying value of Tenaris's ownership stake in Ternium, based on Ternium's IFRS financial statements, was approximately $491.3 million. See Section II.B.2.

The Company reviews periodically the recoverability of its investment in Ternium. To determine the recoverable value, the Company estimates the value in use of the investment by calculating the present value of the expected cash flows. The key assumptions used by the Company are based on external and internal sources of information, and management judgment based on past experience and expectations of future changes in the market.

Value-in-use was calculated by discounting the estimated cash flows over a five year period based on forecasts approved by management. For the subsequent years beyond the five-year period, a terminal value was calculated based on perpetuity considering a nominal growth rate of 2%. The discount rates used are based on the respective weighted average cost of capital (WACC), which is considered to be a good indicator of capital cost. The discount rate used to test the investment in Ternium for impairment was 11.2%

Summarized selected financial information of Ternium, including the aggregated amounts of assets, liabilities, revenues and profit or loss is as follows:

	Ternium	
	2016	2015
Non-current assets	5,622,556	5,480,389
Current assets	2,700,314	2,582,204
Total assets	8,322,870	8,062,593
Non-current liabilities	1,324,785	1,558,979
Current liabilities	1,831,492	1,700,617
Total liabilities	3,156,277	3,259,596
Non-controlling interests	775,295	769,849
Revenues	7,223,975	7,877,449
Gross profit	1,839,585	1,400,177
Net income for the year attributable to owners of the parent	595,644	8,127
Total comprehensive income (loss) for the year, net of tax, attributable to owners of the parent	534,827	(457,750)

12 Investments in non-consolidated companies (Cont.)

b) Usiminas S.A.

Usiminas is a Brazilian producer of high quality flat steel products used in the energy, automotive and other industries and it is Tenaris's principal supplier of flat steel in Brazil for its pipes and industrial equipment businesses.

As of December 31, 2016 the closing price of the Usiminas' ordinary and preferred shares, as quoted on the BM&FBovespa Stock Exchange, was BRL8.26 ($2.53) and BRL4.1 ($1.26), respectively, giving Tenaris's ownership stake a market value of approximately $94.1 million (Level 1). As that date, the carrying value of Tenaris's ownership stake in Usiminas was approximately $61.9 million.

The Company reviews periodically the recoverability of its investment in Usiminas. To determine the recoverable value, the Company estimates the value in use of the investment by calculating the present value of the expected cash flows. There is a significant interaction among the principal assumptions made in estimating Usiminas' cash flow projections, which include iron ore and steel prices, foreign exchange and interest rates, Brazilian GDP and steel consumption in the Brazilian market. The key assumptions used by the Company are based on external and internal sources of information, and management judgment based on past experience and expectations of future changes in the market.

During 2015 and 2014 the Company recorded an impairment charge of $28.9 million and $161.2 million respectively.

Summarized selected financial information of Usiminas, including the aggregated amounts of assets, liabilities, revenues and profit or loss is as follows:

	Usiminas	
	2016	2015
Non-current assets	6,085,811	5,343,038
Current assets	1,970,015	1,765,733
Total assets	8,055,826	7,108,771
Non-current liabilities	2,856,883	2,117,536
Current liabilities	537,646	1,151,383
Total liabilities	3,394,529	3,268,919
Non-controlling interests	508,083	405,880
Revenues	2,442,596	3,115,551
Gross profit	150,999	70,801
Net loss for the year attributable to owners of the parent	(166,153)	(1,053,806)

c) Techgen, S.A. de C.V. ("Techgen")

Techgen is a Mexican natural gas-fired combined cycle electric power plant in the Pesquería area of the State of Nuevo León, Mexico. The company started producing energy on December 1st, 2016 and is fully operational, with a power capacity of between 850 and 900 megawatts. As of December 31, 2016, Tenaris held 22% of Techgen's share capital, and its affiliates Ternium and Tecpetrol International S.A. (a wholly-owned subsidiary of San Faustin S.A., the controlling shareholder of both Tenaris and Ternium) held 48% and 30% respectively.

Techgen is a party to transportation capacity agreements for a purchasing capacity of 150,000 MMBtu/Gas per day starting on August 1, 2016 and ending on July 31, 2036, and a party to a contract for the purchase of power generation equipment and other services related to the equipment. As of December 31, 2016, Tenaris's exposure under these agreements amounted to $61.3 million and $5.3 million respectively.

Tenaris issued a corporate guarantee covering 22% of the obligations of Techgen under a syndicated loan agreement between Techgen and several banks. The loan agreement amounted to $800 million and has been used in the construction of the facility. The main covenants under the corporate guarantee are limitations on the sale of certain assets and compliance with financial ratios (e.g. leverage ratio). As of December 31, 2016, the loan agreement has been fully disbursed for $800 million, as a result, the amount guaranteed by Tenaris was approximately $176 million. During 2016 the shareholders of Techgen made additional investments in Techgen, in term of subsidiary loans, which in case of Tenaris amounted to $42.4 million. As of December 31, 2016 these loans amount to $86.2 million.

13 Receivables – non current

	Year ended December 31,	
	2016	2015
Government entities	913	1,113
Employee advances and loans	7,202	11,485
Tax credits	32,769	25,660
Receivables from related parties	91,419	62,675
Legal deposits	13,876	14,719
Advances to suppliers and other advances	19,520	70,509
Others	32,217	35,515
	197,916	221,676
Allowances for doubtful accounts (see Note 22 (i))	(913)	(1,112)
	197,003	220,564

14 Inventories

	Year ended December 31,	
	2016	2015
Finished goods	653,482	741,437
Goods in process	375,822	407,126
Raw materials	160,284	277,184
Supplies	451,777	503,692
Goods in transit	162,766	143,228
	1,804,131	2,072,667
Allowance for obsolescence (see Note 23 (i))	(240,242)	(229,200)
	1,563,889	1,843,467

15 Receivables and prepayments

	Year ended December 31,	
	2016	2015
Prepaid expenses and other receivables	28,278	29,463
Government entities	3,052	3,498
Employee advances and loans	10,458	10,951
Advances to suppliers and other advances	16,088	27,823
Government tax refunds on exports	9,350	7,053
Receivables from related parties	24,742	14,249
Derivative financial instruments	2,759	18,155
Miscellaneous	36,320	44,736
	131,047	155,928
Allowance for other doubtful accounts (see Note 23 (i))	(6,332)	(7,082)
	124,715	148,846

16 Current tax assets and liabilities

	Year ended December 31,	
Current tax assets	2016	2015
V.A.T. credits	61,552	60,730
Prepaid taxes	79,434	127,450
	140,986	188,180

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16 Current tax assets and liabilities (Cont.)

	Year ended December 31,	
Current tax liabilities	2016	2015
Income tax liabilities	55,841	46,600
V.A.T. liabilities	11,065	24,661
Other taxes	34,291	64,757
	101,197	136,018

17 Trade receivables

	Year ended December 31,	
	2016	2015
Current accounts	1,026,026	1,216,126
Receivables from related parties	14,383	20,483
	1,040,409	1,236,609
Allowance for doubtful accounts (see Note 23 (i))	(85,724)	(101,480)
	954,685	1,135,129

The following table sets forth details of the aging of trade receivables:

	Trade Receivables	Not Due	Past due 1 - 180 days	> 180 days
At December 31, 2016				
Guaranteed	355,508	272,393	32,241	50,874
Not guaranteed	684,901	518,984	87,379	78,538
Guaranteed and not guaranteed	1,040,409	791,377	119,620	129,412
Allowance for doubtful accounts	(85,724)	(62)	(67)	(85,595)
Net Value	954,685	791,315	119,553	43,817
At December 31, 2015				
Guaranteed	353,537	268,606	33,706	51,225
Not guaranteed	883,072	634,250	152,173	96,649
Guaranteed and not guaranteed	1,236,609	902,856	185,879	147,874
Allowance for doubtful accounts	(101,480)	-	(1,664)	(99,816)
Net Value	1,135,129	902,856	184,215	48,058

Trade receivables are mainly denominated in U.S. dollars.

18 Cash and cash equivalents and Other investments

	Year ended December 31,	
	2016	2015
Cash and cash equivalents		
Cash at banks	92,730	101,019
Liquidity funds	215,807	81,735
Short – term investments	91,200	103,793
	399,737	286,547
Other investments - current		
Fixed Income (time-deposit, zero coupon bonds, commercial papers)	782,029	877,436
Bonds and other fixed Income	841,638	1,203,695
Fund Investments	9,475	59,731
	1,633,142	2,140,862

Other investments - Non-current		
Bonds and other fixed Income	248,049	393,084
Others	1,670	1,662
	249,719	394,746

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19 Borrowings

	Year ended December 31, 2016	2015
Non-current		
Bank borrowings	31,544	223,050
Finance lease liabilities	35	171
Costs of issue of debt	(37)	-
	31,542	223,221
Current		
Bank borrowings and other loans including related companies	807,252	747,704
Bank overdrafts	1,320	349
Finance lease liabilities	130	371
Costs of issue of debt	(8)	(129)
	808,694	748,295
Total Borrowings	840,236	971,516

The maturity of borrowings is as follows:

	1 year or less	1 - 2 years	2 – 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
At December 31, 2016							
Financial lease	130	35	-	-	-	-	165
Other borrowings	808,564	1,198	3,739	3,360	3,632	19,578	840,071
Total borrowings	808,694	1,233	3,739	3,360	3,632	19,578	840,236
Interest to be accrued (*)	6,461	1,172	1,161	1,142	1,116	237	11,289
Total	815,155	2,405	4,900	4,502	4,748	19,815	851,525

	1 year or less	1 - 2 years	2 – 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
At December 31, 2015							
Financial lease	371	138	29	4	-	-	542
Other borrowings	747,924	201,152	1,261	1,285	880	18,472	970,974
Total borrowings	748,295	201,290	1,290	1,289	880	18,472	971,516
Interest to be accrued (*)	1,152	1,050	1,031	1,010	990	1,046	6,279
Total	749,447	202,340	2,321	2,299	1,870	19,518	977,795

(*) Includes the effect of hedge accounting.

Significant borrowings include:

Disbursement date	Borrower	Type	In million of USD Original & Outstanding	Final maturity
2016	Tamsa	Bank loans	391	2017
2015	TuboCaribe	Bank loan	200	Jan-17
2016	Siderca	Bank loans	198	2017

As of December 31, 2016, Tenaris was in compliance with all of its covenants.

The weighted average interest rates before tax shown below were calculated using the rates set for each instrument in its corresponding currency as of December 31, 2016 and 2015 (considering hedge accounting where applicable).

	2016	2015
Total borrowings	1.97%	1.52%

19 Borrowings (Cont.)

Breakdown of long-term borrowings by currency and rate is as follows:

Non-current borrowings

		Year ended December 31,	
Currency	Interest rates	2016	2015
USD	Fixed	19,461	219,778
EUR	Fixed	10,701	2,922
Others	Variable	1,380	521
Total non-current borrowings		31,542	223,221

Breakdown of short-term borrowings by currency and rate is as follows:

Current borrowings

		Year ended December 31,	
Currency	Interest rates	2016	2015
USD	Variable	17,081	16,046
USD	Fixed	200,448	2,482
EUR	Variable	99	66
EUR	Fixed	841	1,047
MXN	Fixed	391,318	614,916
ARS	Fixed	197,637	113,326
ARS	Variable	1,041	37
Others	Variable	35	165
Others	Fixed	194	210
Total current borrowings		808,694	748,295

20 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rate of each country.

The evolution of deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Fixed assets	Inventories	Intangible and Other (*)	Total
At the beginning of the year	299,139	42,516	549,557	891,212
Translation differences	(540)	-	44	(496)
Charged directly to Other Comprehensive Income	-	-	(40)	(40)
Transfer to assets held for sale	(5,724)			(5,724)
Income statement credit	(29,819)	(5,625)	(34,848)	(70,292)
At December 31, 2016	263,056	36,891	514,713	814,660

	Fixed assets	Inventories	Intangible and Other (*)	Total
At the beginning of the year	346,385	44,234	482,446	873,065
Translation differences / reclassifications	(28,343)	-	11,154	(17,189)

Charged directly to Other Comprehensive Income	-	-	3,999	3,999
Income statement (credit) / charge	(18,903)	(1,718)	51,958	31,337
At December 31, 2015	299,139	42,516	549,557	891,212

(*) Includes the effect of currency translation on tax base explained in Note 8.

20 Deferred income tax (Cont.)
Deferred tax assets

	Provisions and allowances	Inventories	Tax losses (*)	Other	Total
At the beginning of the year	(32,425)	(107,378)	(99,394)	(102,396)	(341,593)
Translation differences	(3,123)	(1,347)	(2,741)	14	(7,197)
Transfer to assets held for sale	-	275	-	753	1,028
Charged directly to Other Comprehensive Income	-	-	-	1,823	1,823
Income statement charge / (credit)	2,272	14,274	(97,191)	17,968	(62,677)
At December 31, 2016	(33,276)	(94,176)	(199,326)	(81,838)	(408,616)

(*) As of December 31, 2016, the recognized deferred tax assets on tax losses amount to $199.3 million and the net unrecognized deferred tax assets amount to $47.2 million.

	Provisions and allowances	Inventories	Tax losses	Other	Total
At the beginning of the year	(45,336)	(189,709)	(41,652)	(150,497)	(427,194)
Translation differences / reclassifications	24,411	4,049	6,988	1,020	36,468
Charged directly to Other Comprehensive Income	-	-	-	527	527
Income statement (credit) / charge	(11,500)	78,282	(64,730)	46,554	48,606
At December 31, 2015	(32,425)	(107,378)	(99,394)	(102,396)	(341,593)

The recovery analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended December 31,	
	2016	2015
Deferred tax assets to be recovered after 12 months	(226,431)	(109,025)
Deferred tax liabilities to be recovered after 12 months	761,039	843,022

Deferred income tax assets and liabilities are offset when (1) there is a legally enforceable right to set-off current tax assets against current tax liabilities and (2) when the deferred income taxes relate to the same fiscal authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate set-off, are shown in the Consolidated Statement of Financial Position:

	Year ended December 31,	
	2016	2015
Deferred tax assets	(144,613)	(200,706)
Deferred tax liabilities	550,657	750,325
	406,044	549,619

The movement in the net deferred income tax liability account is as follows:

	Year ended December 31,	
	2016	2015

At the beginning of the year	549,619	445,871
Translation differences	(7,693)	19,279
Charged directly to Other Comprehensive Income	1,783	4,526
Income statement credit (debit)	(132,969)	79,943
Transfer to assets held for sale	(4,696)	-
At the end of the period	406,044	549,619

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21 Other liabilities
(i) Other liabilities – Non-current

	Year ended December 31,	
	2016	2015
Post-employment benefits	125,161	135,880
Other-long term benefits	66,714	78,830
Miscellaneous	21,742	16,466
	213,617	231,176

Post-employment benefits
§Unfunded

	Year ended December 31,	
	2016	2015
Values at the beginning of the period	107,601	126,733
Current service cost	4,625	5,918
Interest cost	6,371	6,164
Curtailments and settlements	24	(128)
Remeasurements (*)	(4,501)	(9,743)
Translation differences	(2,204)	(8,418)
Benefits paid from the plan	(13,921)	(16,062)
Other	(1,766)	3,137
At the end of the year	96,229	107,601

(*) For 2016 a loss of $0.6 million is attributable to demographic assumptions and a gain of $5.1 million to financial assumptions. For 2015 a gain of $9.1 and $0.6 million is attributable to demographic and financial assumptions, respectively.

The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2016	2015
Discount rate	1% - 7%	2% - 7%
Rate of compensation increase	0% - 3%	0% - 3%

As of December 31, 2016, an increase / (decrease) of 1% in the discount rate assumption would have generated a (decrease) / increase on the defined benefit obligation of $7.1 million and $8.2 million respectively, and an increase / (decrease) of 1% in the rate of compensation assumption would have generated an increase / (decrease) impact on the defined benefit obligation of $4.2 million and $3.7 million respectively. The above sensitivity analyses are based on a change in discount rate and rate of compensation while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

§Funded

The amounts recognized in the statement of financial position for the current annual period and the previous annual period are as follows:

	Year ended December 31,	
	2016	2015
Present value of funded obligations	159,612	153,974
Fair value of plan assets	(132,913)	(128,321)
Liability (*)	26,699	25,653

(*) In 2016 and 2015, $2.2 million and $2.6 million corresponding to an overfunded plan were reclassified within other non-current assets, respectively.

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21 Other liabilities (Cont.)

(i) Other liabilities – Non-current (Cont.)

The movement in the present value of funded obligations is as follows:

	Year ended December 31,	
	2016	2015
At the beginning of the year	153,974	183,085
Translation differences	384	(18,507)
Current service cost	162	1,155
Interest cost	6,403	6,725
Remeasurements (*)	7,753	(6,124)
Benefits paid	(9,064)	(12,360)
At the end of the year	159,612	153,974

(*) For 2016 a gain of $0.9 million is attributable to demographic assumptions and a loss of $8.7 million to financial assumptions. For 2015 a gain of $1.1 and $5.0 million is attributable to demographic and financial assumptions, respectively.

The movement in the fair value of plan assets is as follows:

	Year ended December 31,	
	2016	2015
At the beginning of the year	(128,321)	(147,991)
Return on plan assets	(7,022)	(5,021)
Remeasurements	(3,022)	1,686
Translation differences	365	15,651
Contributions paid to the plan	(4,374)	(5,066)
Benefits paid from the plan	9,064	12,360
Other	397	60
At the end of the year	(132,913)	(128,321)

The major categories of plan assets as a percentage of total plan assets are as follows:

	Year ended December 31,	
	2016	2015
Equity instruments	52.4%	52.3%
Debt instruments	43.9%	44.3%
Others	3.7%	3.4%

The principal actuarial assumptions used were as follows:

	Year ended December 31,	
	2016	2015
Discount rate	4%	4%
Rate of compensation increase	0 % - 3 %	0 % - 2 %

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21 Other liabilities (Cont.)

(i) Other liabilities – Non-current (Cont.)

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected return on plan assets is determined based on long-term, prospective rates of return as of the end of the reporting period.

As of December 31, 2016, an increase / (decrease) of 1% in the discount rate assumption would have generated a (decrease) / increase on the defined benefit obligation of $18.5 million and $22.8 million respectively, and an increase / (decrease) of 1% in the compensation rate assumption would have generated an increase / (decrease) on the defined benefit obligation of $1.7 million and $1.6 million respectively. The above sensitivity analyses are based on a change in discount rate and rate of compensation while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The employer contributions expected to be paid for the year 2017 amount approximately to $6 million.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(ii) Other liabilities – current

	Year ended December 31,	
	2016	2015
Payroll and social security payable	125,991	173,528
Liabilities with related parties	135	351
Derivative financial instruments	42,635	34,445
Miscellaneous	15,126	14,518
	183,887	222,842

22 Non-current allowances and provisions

(i) Deducted from non-current receivables

	Year ended December 31,	
	2016	2015
Values at the beginning of the year	(1,112)	(1,696)
Translation differences	199	584
Values at the end of the year	(913)	(1,112)

(ii) Liabilities

	Year ended December 31,	
	2016	2015
Values at the beginning of the year	61,421	70,714
Translation differences	3,296	(20,725)
Additional provisions	6,794	9,390
Reclassifications	(1,932)	6,562
Used	(6,322)	(4,520)

Values at the end of the year	63,257	61,421

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23 Current allowances and provisions

(i) Deducted from assets

Year ended December 31, 2016	Allowance for doubtful accounts - Trade receivables	Allowance for other doubtful accounts - Other receivables	Allowance for inventory obsolescence
Values at the beginning of the year	(101,480)	(7,082)	(229,200)
Translation differences	(841)	75	(2,715)
Reversals / (additional) allowances	12,573	(432)	(32,765)
Transfer to held for sale	20	-	896
Used	4,004	1,107	23,542
At December 31, 2016	(85,724)	(6,332)	(240,242)

Year ended December 31, 2015	Allowance for doubtful accounts - Trade receivables	Allowance for other doubtful accounts - Other receivables	Allowance for inventory obsolescence
Values at the beginning of the year	(68,978)	(7,992)	(193,540)
Translation differences	1,033	1,732	10,056
Additional allowances	(36,788)	(1,114)	(68,669)
Used	3,253	292	22,953
At December 31, 2015	(101,480)	(7,082)	(229,200)

(ii) Liabilities

Year ended December 31, 2016	Sales risks	Other claims and contingencies	Total
Values at the beginning of the year	6,290	2,705	8,995
Translation differences	189	(86)	103
Additional allowances	16,266	7,791	24,057
Reclassifications	(22)	1,954	1,932
Used	(8,838)	(3,493)	(12,331)
At December 31, 2016	13,885	8,871	22,756
Year ended December 31, 2015	Sales risks	Other claims and contingencies	Total
Values at the beginning of the year	7,205	13,175	20,380
Translation differences	(517)	(973)	(1,490)
Additional allowances	8,540	1,743	10,283
Reclassifications	47	(6,610)	(6,563)
Used	(8,985)	(4,630)	(13,615)
At December 31, 2015	6,290	2,705	8,995

24 Derivative financial instruments

Net fair values of derivative financial instruments
The net fair values of derivative financial instruments disclosed within Other Receivables and Other Liabilities at the reporting date, in accordance with IAS 39, are:

	Year ended December 31, 2016	2015
Foreign exchange derivatives contracts	2,759	18,248
Contracts with positive fair values	2,759	18,248
Foreign exchange derivatives contracts	(42,635)	(34,541)
Contracts with negative fair values	(42,635)	(34,541)
Total	(39,876)	(16,293)

Foreign exchange derivative contracts and hedge accounting
Tenaris applies hedge accounting to certain cash flow hedges of highly probable forecast transactions. The net fair values of exchange rate derivatives and those derivatives that were designated for hedge accounting as of December 2016 and 2015, were as follows:

			Fair Value		Hedge Accounting Reserve	
Purchase currency	Sell currency	Term	2016	2015	2016	2015
MXN	USD	2017	(35,165)	(24,364)	9	320
USD	MXN	2017	694	14,466	(2,280)	(21)
EUR	USD	2017	(360)	331	-	-
USD	EUR	2017	(33)	957	(1,435)	(819)
JPY	USD	2017	(179)	(24)	73	-
USD	KWD	2017	(2,447)	28	(1,016)	28
USD	ARS	2017	(748)	-	-	-
ARS	USD	2017	318	(8,639)	(93)	3,175
USD	BRL	2017	(1,581)	402	-	-
USD	GBP	2017	-	85	-	-
Others			(375)	465	-	100
Total			(39,876)	(16,293)	(4,742)	2,783

Following is a summary of the hedge reserve evolution:

	Equity Reserve Dec-14	Movements 2015	Equity Reserve Dec-15	Movements 2016	Equity Reserve Dec-16
Foreign Exchange	(7,916)	10,699	2,783	(7,525)	(4,742)
Total Cash flow Hedge	(7,916)	10,699	2,783	(7,525)	(4,742)

Tenaris estimates that the cash flow hedge reserve at December 31, 2016 will be recycled to the Consolidated Income Statement during 2017.

25 Contingencies, commitments and restrictions on the distribution of profits

(i) Contingencies

Tenaris is from time to time subject to various claims, lawsuits and other legal proceedings, including customer claims, in which third parties are seeking payment for alleged damages, reimbursement for losses or indemnity. Some of these claims, lawsuits and other legal proceedings involve highly complex issues, and often these issues are subject to substantial uncertainties. Accordingly, the potential liability with respect to a large portion of such claims, lawsuits and other legal proceedings cannot be estimated with certainty. Management with the assistance of legal counsel periodically reviews the status of each significant matter and assesses potential financial exposure. If a potential loss from a claim, lawsuit or proceeding is considered probable and the amount can be reasonably estimated, a provision is recorded. Accruals for loss contingencies reflect a reasonable estimate of the losses to be incurred based on information available to management as of the date of preparation of the financial statements, and take into consideration litigation and settlement strategies. The Company believes that the aggregate provisions recorded for potential losses in these financial statements (Notes 22 and 23) are adequate based upon currently available information. However, if management's estimates prove incorrect, current reserves could be inadequate and Tenaris could incur a charge to earnings which could have a material adverse effect on Tenaris's results of operations, financial condition, net worth and cash flows.

Set forth below is a description of Tenaris's material ongoing legal proceedings:

§ Tax assessment in Italy

Dalmine, an Italian subsidiary of Tenaris, received on December 24, 2012 a tax assessment from the Italian tax authorities related to allegedly omitted withholding tax on dividend payments made in 2007. The assessment, which was for an estimated amount of EUR295 million (approximately $310.9 million), comprising principal, interest and penalties, was appealed with the first-instance tax court in Milan. In February 2014, the first-instance tax court issued its decision on this tax assessment, partially reversing the assessment and lowering the claimed amount to approximately EUR9 million (approximately $9.5 million), including principal, interest and penalties. On October 2, 2014, the Italian tax authorities appealed against the second-instance tax court decision on the 2007 assessment. On June 12, 2015, the second-instance tax court accepted Dalmine's defense arguments and rejected the appeal by the Italian tax authorities, thus reversing the entire 2007 assessment and recognizing that the dividend payment was exempt from withholding tax. The Italian tax authorities have appealed the second-instance tax court decision before the Supreme Court.

On December 24, 2013, Dalmine received a second tax assessment from the Italian tax authorities, based on the same arguments as those in the first assessment, relating to allegedly omitted withholding tax on dividend payments made in 2008 – the last such distribution made by Dalmine. Dalmine appealed the assessment with the first-instance tax court in Milan. On January 27, 2016, the first-instance tax court rejected Dalmine's appeal. This first-instance ruling, which held that Dalmine is required to pay an amount of EUR223 million (approximately $235.1 million), including principal interest and penalties, contradicts the first and second-instance tax court rulings in connection with the 2007 assessment. Dalmine obtained the suspension of the interim payment that would have been due, based on the first-instance decision, through the filing with the tax authorities of a bank guarantee, and appealed the January 2016 ruling with the second-instance tax court.

Tenaris continues to believe that Dalmine has correctly applied the relevant legal provisions and based on, among other things, the tax court decisions on the 2007 assessment and the opinion of legal counsel, Tenaris believes that it is not probable that the ultimate resolution of either the 2007 or the 2008 tax assessment will result in a material obligation.

§ CSN claims relating to the January 2012 acquisition of Usiminas shares

In 2013, Confab was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional (CSN) and various entities affiliated with CSN against Confab and the other entities that acquired a participation in Usiminas' control group in January 2012.

25 Contingencies, commitments and restrictions on the distribution of profits (Cont.)

(i) Contingencies (Cont.)

§CSN claims relating to the January 2012 acquisition of Usiminas shares (Cont.)

The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group, and Confab would have a 17.9% share in that offer.

On September 23, 2013, the first instance court issued its decision finding in favor of Confab and the other defendants and dismissing the CSN lawsuit. The claimants appealed the first instance court decision with the Sao Paulo court of appeals. On February 8, 2017, the court of appeals issued its decision on the merits and maintained the understanding of the first instance court, holding that Confab and the other defendants did not have the obligation to launch a tender offer. The decision of the court of appeals has not yet been published, and CSN may still file a motion for clarification and/or appeal to the Superior Court of Justice or the Federal Supreme Court.

Separately, on November 10, 2014, CSN filed a complaint with Brazil's securities regulator Comissão de Valores Mobiliários (CVM) on the same grounds and with the same purpose as the lawsuit referred to above. In this complaint, CSN sought to reverse a February 2012 decision by the CVM, which had determined that the above mentioned acquisition did not trigger any tender offer requirement. On December 2, 2016, CVM rendered its decision on this complaint, reaffirming its previous decision from 2012 and rejecting all the new allegations presented by CSN.

Finally, on December 11, 2014, CSN filed a claim with Brazil's antitrust regulator Conselho Administrativo de Defesa Econômica ("CADE"). In its claim, CSN alleged that the antitrust clearance request related to the January 2012 acquisition, which was approved by CADE without restrictions in August 2012, contained a false and deceitful description of the acquisition aimed at frustrating the minority shareholders' right to a tag-along tender offer, and requested that CADE investigate and reopen the antitrust review of the acquisition and suspend the Company's voting rights in Usiminas until the review is completed. On May 6, 2015, CADE rejected CSN's claim. CSN did not appeal the decision and on May 19, 2015, CADE finally closed the file.

Tenaris continues to believe that all of CSN's claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian legal counsel, the decisions issued by CVM in February 2012 and December 2016, and the first and second instance court decisions referred to above. Accordingly, no provision was recorded in these Consolidated Financial Statements

§Veracel Celulose Accident Litigation

On September 21, 2007, an accident occurred in the premises of Veracel Celulose S.A. ("Veracel") in connection with a rupture in one of the tanks used in an evaporation system manufactured by Confab. The Veracel accident allegedly resulted in material damages to Veracel. Itaú Seguros S.A. ("Itaú"), Veracel's insurer at the time of the Veracel accident, initiated a lawsuit against Confab seeking reimbursement of damages paid to Veracel in connection with the Veracel accident. Veracel initiated a second lawsuit against Confab seeking reimbursement of the amount paid as insurance deductible in connection with the Veracel accident and other amounts not covered by insurance. Itaú and Veracel claim that the Veracel accident was caused by failures and defects attributable to the evaporation system manufactured by Confab. Confab believes that the Veracel accident was caused by the improper handling by Veracel's personnel of the equipment supplied by Confab in violation of Confab's instructions. The two lawsuits have been consolidated, and are now being considered by the 6th Civil Court of São Caetano do Sul; however, each lawsuit will be adjudicated through a separate ruling. Both proceedings are currently at evidentiary stage.

25 Contingencies, commitments and restrictions on the distribution of profits (Cont.)

(i) Contingencies (Cont.)

§ Veracel Celulose Accident Litigation (Cont.)

On March 10, 2016, a court-appointed expert issued its report on certain technical matters concerning the Veracel accident. Based upon a technical opinion received from a third-party expert, in August 2016, Confab filed its objections to the expert's report. Other parties have also filed their observations and/or opinions concerning the experts' report, which are currently subject to the court examination. As of December 31, 2016, the estimated amount of Itaú's claim is approximately BRL 74.5 million (approximately $22.9 million), and the estimated amount of Veracel's claim is approximately BRL 47.7 million (approximately $14.6 million), for an aggregate amount BRL 122.2 million ($37.5 million). The final result of this claim depends largely on the court's evaluation of technical matters arising from the expert's opinion and objections presented by Confab. No provision has been recorded in these Consolidated Financial Statements.

§ Petroamazonas Penalties

On January 22, 2016, Petroamazonas ("PAM"), an Ecuadorian state-owned oil company, imposed penalties to the Company's Uruguayan subsidiary, Tenaris Global Services S.A. ("TGS"), for its alleged failure to comply with delivery terms under a pipe supply agreement. The penalties amount to approximately $ 22.5 million as of the date hereof. Tenaris believes, based on the advice of counsel, that PAM has no legal basis to impose the penalties and that TGS has meritorious defenses against PAM. However, in light of the prevailing political circumstances in Ecuador, the Company cannot predict the outcome of a claim against a state-owned company and it is not possible to estimate the amount or range of loss in case of an unfavorable outcome.

§ Ongoing investigation

The Company has learned that Italian and Swiss authorities are investigating whether certain payments were made from accounts of entities presumably associated with affiliates of the Company to accounts controlled by an individual allegedly related with officers of Petróleo Brasileiro S.A. and whether any such payments were intended to benefit Confab Industrial S.A., a Brazilian subsidiary of the Company. Any such payments could violate certain applicable laws, including the U.S. Foreign Corrupt Practices Act. The Company had previously reviewed certain of these matters in connection with an investigation by the Brazilian authorities related to "Operation Lava Jato" and the Audit Committee of the Company's Board of Directors has engaged external counsel in connection with a review of the alleged payments and related matters. In addition, the Company has voluntarily notified the U.S. Securities and Exchange Commission and the U.S. Department of Justice. The Company intends to share the results of this review with the appropriate authorities, and to cooperate with any investigations that may be conducted by such authorities. At this time, the Company cannot predict the outcome of these matters or estimate the range of potential loss or extent of risk, if any, to the Company's business that may result from resolution of these matters.

(ii) Commitments

Set forth is a description of Tenaris's main outstanding commitments:

§ A Tenaris company is a party to a contract with Nucor Corporation under which it is committed to purchase on a monthly basis a minimum volume of hot-rolled steel coils at prices that are negotiated annually by reference to prices to comparable Nucor customers. The contract became effective in January 2013 and will be in force until December 2017; provided, however, that either party may terminate the contract at any time after January 1, 2015 with a 12-month prior notice. Due to the current weak pipe demand associated with the reduction in drilling activity, the parties entered into a temporary agreement pursuant to which application of the minimum volume requirements were suspended, and the company is temporarily allowed to purchase steel volumes in accordance with its needs. As of December 31, 2016, the estimated aggregate contract amount through December 31, 2017, calculated at current prices, is approximately $423 million.

§ A Tenaris company entered into various contracts with suppliers pursuant to which it committed to purchase goods and services for a total amount of approximately $175.8 million related to the investment plan to expand Tenaris's U.S. operations with the construction of a state-of-the-art seamless pipe mill in Bay City, Texas. As of December 31, 2016 approximately $1.349 million had already been invested.

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25 Contingencies, commitments and restrictions on the distribution of profits (Cont.)

(iii) Restrictions to the distribution of profits and payment of dividends

As of December 31, 2016, equity as defined under Luxembourg law and regulations consisted of:

(all amounts in thousands of U.S. dollars)	
Share capital	1,180,537
Legal reserve	118,054
Share premium	609,733
Retained earnings including net income for the year ended December 31, 2016	17,493,012
Total equity in accordance with Luxembourg law	19,401,336

At least 5% of the Company's net income per year, as calculated in accordance with Luxembourg law and regulations, must be allocated to the creation of a legal reserve equivalent to 10% of the Company's share capital. As of December 31, 2016, this reserve is fully allocated and additional allocations to the reserve are not required under Luxembourg law. Dividends may not be paid out of the legal reserve.

The Company may pay dividends to the extent, among other conditions, that it has distributable retained earnings calculated in accordance with Luxembourg law and regulations.

At December 31, 2016, distributable amount under Luxembourg law totals $18.1 billion, as detailed below:

(all amounts in thousands of U.S. dollars)	
Retained earnings at December 31, 2015 under Luxembourg law	18,024,204
Other income and expenses for the year ended December 31, 2016	(23,561)
Dividends approved	(507,631)
Retained earnings at December 31, 2016 under Luxembourg law	17,493,012
Share premium	609,733
Distributable amount at December 31, 2016 under Luxembourg law	18,102,745

26 Acquisition of subsidiaries and non-consolidated companies

In September 2014, Tenaris completed the acquisition of the 100% of Socotherm Brasil S.A.("Socotherm"). The purchase price amounted to $29.6 million, net assets acquired (including PPE, inventories and cash and cash equivalents) amounted to $9.6 million and goodwill for $20 million. Tenaris accounted for this transaction as a step-acquisition and consequently remeasured to fair value its ownership interest in Socotherm held before the acquisition. As a result, Tenaris recorded in "Equity in earnings (losses) of non-consolidated companies" a gain of approximately $21.3 million.

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27 Cash flow disclosures

		Year ended December 31,		
(i)	Changes in working capital	2016	2015	2014
	Inventories	244,720	936,402	(72,883)
	Receivables and prepayments and Current tax assets	70,874	60,009	(31,061)
	Trade receivables	146,824	828,265	20,886
	Other liabilities	(79,046)	(123,904)	(61,636)
	Customer advances	(95,112)	1,171	76,383
	Trade payables	59,939	(327,958)	(3,755)
		348,199	1,373,985	(72,066)
(ii)	Income tax accruals less payments			
	Tax accrued	41,441	244,505	586,061
	Taxes paid	(169,520)	(335,585)	(506,999)
		(128,079)	(91,080)	79,062
(iii)	Interest accruals less payments, net			
	Interest accrued	(43,872)	(11,517)	6,174
	Interest received	22,326	28,238	31,306
	Interest paid	(18,858)	(18,696)	(74,672)
		(40,404)	(1,975)	(37,192)
(iv)	Cash and cash equivalents			
	Cash at banks, liquidity funds and short - term investments	399,900	286,547	417,645
	Bank overdrafts	(1,320)	(349)	(1,200)
		398,580	286,198	416,445

As of December 31, 2016, 2015 and 2014, the components of the line item "other, including currency translation adjustment" are immaterial to net cash provided by operating activities.

28 Net assets of disposal group classified as held for sale

On December 15, 2016, Tenaris entered into an agreement with Nucor Corporation (NC) pursuant to which it has sold to NC the steel electric conduit business in North America, known as Republic Conduit for an amount of $332.4 million. The agreement was subject to U.S. antitrust clearance and other customary conditions and was closed during January 2017.

The transaction was reported as a discontinued operation due to the relevance of such business on the total net income of segment "Other".

Analysis of the result of discontinued operations:

(all amounts in thousands of US dollars, unless otherwise stated)	Year ended December 31,		
	2016	2015	2014
Net sales	234,911	197,630	196,503
Cost of sales	(136,587)	(137,318)	(147,045)
Gross profit	98,324	60,312	49,458
Selling, general and administrative expenses	(32,238)	(30,678)	(31,174)
Other operating expenses	(248)	(1)	-
Operating income	65,838	29,633	18,284
Other financial results	(88)	(382)	(361)
Income before income tax	65,750	29,251	17,923
Income tax	(24,339)	(10,121)	(5,630)
Income for continuing operations	41,411	19,130	12,293

Earnings per share attributable to discontinued operations:			
Weighted average number of ordinary shares (thousands)	1,180,537	1,180,537	1,180,537
Discontinued operations:			
Basic and diluted earnings per share (U.S. dollars per share)	0.04	0.02	0.01
Basic and diluted earnings per ADS (U.S. dollars per ADS) (*)	0.07	0.03	0.02

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28 Net assets of disposal group classified as held for sale (Cont.)

Summarized cash flow information is as follows:

	2016	2015	2014
Cash at the beginning	15,343	13,848	18,790
Cash at the end	18,820	15,343	13,848
Increase (decrease) in cash	3,477	1,495	(4,942)
Provided by operating activities	24,535	42,701	8,294
Used in investing activities	(1,058)	(1,206)	(1,236)
Used in financing activities	(20,000)	(40,000)	(12,000)

These amounts were estimated only for disclosure purposes, as cash flows from discontinued operations were not managed separately from other cash flows.

On January 20, 2017, the sale was completed and Tenaris estimates a net profit after bank fees and other related expenses of approximately $189.2 million.

Current and non-current assets and liabilities of disposal group

ASSETS	At December 31, 2016	
Non-current assets		
Property, plant and equipment, net	41,470	
Intangible assets, net (*)	45,894	87,364
Current assets		
Inventories, net	29,819	
Receivables and prepayments, net	451	
Trade receivables, net	33,620	
Cash and cash equivalents	163	64,053
Total assets of disposal group classified as held for sale		151,417
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	4,696	
Other liabilities	680	5,376
Current liabilities		
Current tax liabilities	4,100	
Other liabilities	1,668	
Trade payables	6,950	12,718
Total liabilities of disposal group classified as held for sale		18,094

(*) Includes $45.8 million of goodwill

29 Related party transactions

As of December 31, 2016:

- § San Faustin S.A., a Luxembourg Société Anonyme ("San Faustin"), owned 713,605,187 shares in the Company, representing 60.45% of the Company's capital and voting rights.

- § San Faustin owned all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à r.l., a Luxembourg Société à Responsabilité Limitée, who is the holder of record of the above-mentioned Tenaris shares.

- § Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a Dutch private foundation (Stichting) ("RP STAK") held voting rights in San Faustin sufficient to control San Faustin.

- § No person or group of persons controls RP STAK.

Based on the information most recently available to the Company, Tenaris's directors and senior management as a group owned 0.10% of the Company's outstanding shares.

29 Related party transactions (Cont.)

Transactions and balances disclosed as with "non-consolidated parties" are those with companies over which Tenaris exerts significant influence or joint control in accordance with IFRS, but does not have control. All other transactions and balances with related parties which are not non-consolidated parties and which are not consolidated are disclosed as "Other". The following transactions were carried out with related parties:

(all amounts in thousands of U.S. dollars)	Year ended December 31,		
	2016	2015	2014
(i) Transactions			
(a) Sales of goods and services			
Sales of goods to non-consolidated parties	21,174	24,019	33,342
Sales of goods to other related parties	32,613	87,663	103,377
Sales of services to non-consolidated parties	9,542	10,154	10,932
Sales of services to other related parties	2,948	4,010	3,264
	66,277	125,846	150,915
(b) Purchases of goods and services			
Purchases of goods to non-consolidated parties	67,048	260,280	302,144
Purchases of goods to other related parties	20,150	35,153	44,185
Purchases of services to non-consolidated parties	11,528	16,153	27,304
Purchases of services to other related parties	53,530	78,805	90,652
	152,256	390,391	464,285

(all amounts in thousands of U.S. dollars)	At December 31,	
	2016	2015
(ii) Period-end balances		
(a) Arising from sales / purchases of goods / services		
Receivables from non-consolidated parties	117,187	73,412
Receivables from other related parties	13,357	23,995
Payables to non-consolidated parties	(21,314)	(20,000)
Payables to other related parties	(12,708)	(19,655)
	96,522	57,752

Directors' and senior management compensation

During the years ended December 31, 2016, 2015 and 2014, the cash compensation of Directors and Senior managers amounted to $38.6 million, $28.8 million and $26 million respectively. In addition, Directors and Senior managers received 500, 540 and 567 thousand units for a total amount of $4.8 million, $5.4 million and $6.2 million respectively in connection with the Employee retention and long term incentive program mentioned in Note O (2).

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30 Principal subsidiaries

The following is a list of Tenaris's principal subsidiaries and its direct and indirect percentage of ownership of each controlled company at December 31, 2016.

The following is a list of Tenaris's principal subsidiaries and its direct and indirect percentage of ownership of each controlled company at December 31, 2016.

Company	Country of Organization	Main activity	Percentage of ownership at December 31, (*)		
			2016	2015	2014
ALGOMA TUBES INC.	Canada	Manufacturing of seamless steel pipes	100%	100%	100%
CONFAB INDUSTRIAL S.A. and subsidiaries	Brazil	Manufacturing of welded steel pipes and capital goods	100%	100%	100%
SIDERCA S.A.I.C. and subsidiaries (except detailed)	Argentina	Manufacturing of seamless steel pipes	100%	100%	100%
HYDRIL COMPANY and subsidiaries (except detailed) (a)	USA	Manufacture and marketing of premium connections	100%	100%	100%
DALMINE S.p.A.	Italy	Manufacturing of seamless steel pipes	100%	99%	99%
MAVERICK TUBE CORPORATION and subsidiaries (except detailed)	USA	Manufacturing of welded steel pipes	100%	100%	100%
NKKTUBES	Japan	Manufacturing of seamless steel pipes	51%	51%	51%
PRUDENTIAL STEEL ULC	Canada	Manufacturing of welded steel pipes	100%	100%	100%
SIAT SOCIEDAD ANONIMA	Argentina	Manufacturing of welded and seamless steel pipes	100%	100%	100%
S.C. SILCOTUB S.A.	Romania	Manufacturing of seamless steel pipes	100%	100%	100%
PT SEAMLESS PIPE INDONESIA JAYA	Indonesia	Manufacturing of seamless steel products	77%	77%	77%
TALTA - TRADING E MARKETING SOCIEDADE UNIPESSOAL LDA.	Madeira	Trading and holding Company	100%	100%	100%
TUBOS DE ACERO DE MEXICO S.A.	Mexico	Manufacturing of seamless steel pipes	100%	100%	100%
TENARIS BAY CITY, INC.	USA	Manufacturing of seamless steel pipes	100%	100%	100%
TENARIS GLOBAL SERVICES (CANADA) INC.	Canada	Marketing of steel products	100%	100%	100%

TENARIS INVESTMENTS S.àr.l.	Luxembourg	Holding company	100%	100%	100%
TENARIS INVESTMENTS SWITZERLAND AG and subsidiaries (except detailed)	Switzerland	Holding company	100%	100%	100%
TENARIS GLOBAL SERVICES (UK) LTD	United Kingdom	Marketing of steel products	100%	100%	100%
TENARIS GLOBAL SERVICES (U.S.A.) CORPORATION	USA	Marketing of steel products	100%	100%	100%
TENARIS FINANCIAL SERVICES S.A.	Uruguay	Financial company	100%	100%	100%
TENARIS GLOBAL SERVICES S.A. and subsidiaries (b)	Uruguay	Holding company and marketing of steel products	100%	100%	100%
TENARIS INVESTMENTS S.àr.l. LUXEMBURG, Zug Branch	Switzerland	Holding company and financial services	100%	100%	100%
TENARIS TUBOCARIBE LTDA.	Colombia	Manufacturing of welded and seamless steel pipes	100%	100%	100%

(*) All percentages rounded.

(a) Tenaris Investments S.a.r.l. holds 100% of Hydril's subsidiaries shares except for Technical Drilling & Production Services Nigeria. Ltd where it holds 80% for 2016, 2015 and 2014.
(b) Tenaris holds 97,5% of Tenaris Supply Chain S.A, 60% of Gepnaris S.A. and 40% of Tubular Technical Services and Pipe Coaters, and 49% of Amaja Tubular Services Limited
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31 Nationalization of Venezuelan Subsidiaries

In May 2009, within the framework of Decree Law 6058, Venezuela's President announced the nationalization of, among other companies, the Company's majority-owned subsidiaries TAVSA - Tubos de Acero de Venezuela S.A. ("Tavsa") and, Matesi Materiales Siderúrgicos S.A ("Matesi"), and Complejo Siderúrgico de Guayana, C.A ("Comsigua"), in which the Company has a non-controlling interest (collectively, the "Venezuelan Companies"). Tenaris and its wholly-owned subsidiary Talta - Trading e Marketing Sociedad Unipessoal Lda ("Talta"), initiated arbitration proceedings against Venezuela before the ICSID in Washington D.C. in connection with these nationalizations.

On January 29, 2016, the tribunal released its award on the arbitration proceeding concerning the nationalization of Matesi. The award upheld Tenaris's and Talta's claim that Venezuela had expropriated their investments in Matesi in violation of Venezuelan law as well as the bilateral investment treaties entered into by Venezuela with the Belgium-Luxembourg Economic Union and Portugal. The award granted compensation in the amount of $87.3 million for the breaches and ordered Venezuela to pay an additional amount of $85.5 million in pre-award interest, aggregating to a total award of $172.8 million, payable in full and net of any applicable Venezuelan tax, duty or charge. The tribunal granted Venezuela a grace period of six months from the date of the award to make payment in full of the amount due without incurring post-award interest, and resolved that if no, or no full, payment is made by then, post-award interest will apply at the rate of 9% per annum.

On March 14, 2016, Venezuela requested the rectification of the award pursuant to article 49(2) of the ICSID Convention and ICSID Arbitration Rule 49. The tribunal denied Venezuela's request on June 24, 2016, ordering Venezuela to reimburse Tenaris and Talta for their costs. On September 21, 2016, Venezuela submitted a request for annulment of the award as well as the stay of enforcement of the award in accordance with the ICSID Convention and Arbitration Rules. The annulment request was registered on September 29, 2016, and the ad hoc committee that will hear Venezuela's request was constituted on December 27, 2016. The parties are in the process of exchanging briefs. A hearing is scheduled to be held in the first quarter of 2017 regarding Tenaris's and Talta's opposition to Venezuela's request to continue stay enforcement of the award. Following that hearing, there will be a further exchange of briefs and an oral hearing on Venezuela's annulment request, currently proposed to be held in the last quarter of 2017.

Concerning the arbitration proceeding relating to the nationalization of Tenaris's shareholdings in Tavsa and Comsigua, on December 12, 2016, the tribunal issued its award upholding Tenaris's and Talta's claim that Venezuela had expropriated their investments in Tavsa and Comsigua in violation of the bilateral investment treaties entered into by Venezuela with the Belgium-Luxembourg Economic Union and Portugal. The award granted compensation in the amount of $137 million and ordered Venezuela to reimburse Tenaris and Talta $3.3 million in legal fees and ICSID administrative costs. In addition, Venezuela was ordered to pay interest from April 30, 2008 until the day of effective payment at a rate equivalent to LIBOR + 4% per annum, which as of December 31, 2016 amounted $76 million. The deadline for filing a request for annulment of the award expires on April 11, 2017.

Based on the facts and circumstances described above and following the guidance set forth by IAS 27R, the Company ceased consolidating the results of operations and cash flows of the Venezuelan Companies as from June 30, 2009, and classified its investments in the Venezuelan Companies as financial assets based on the definitions contained in paragraphs 11(c)(i) and 13 of IAS 32.

The Company classified its interests in the Venezuelan Companies as available-for-sale investments since management believes they do not fulfil the requirements for classification within any of the remaining categories provided by IAS 39 and such classification is the most appropriate accounting treatment applicable to non-voluntary dispositions of assets.

Tenaris or its subsidiaries have net receivables with the Venezuelan Companies as of December 31, 2016, for a total amount of approximately $27 million.

The Company records its interest in the Venezuelan Companies at its carrying amount at June 30, 2009, and not at fair value, following the guidance set forth by paragraphs 46(c), AG80 and AG81 of IAS 39.

32 Fees paid to the Company's principal accountant

Total fees accrued for professional services rendered by PwC Network firms to Tenaris S.A. and its subsidiaries are detailed as follows:

(all amounts in thousands of U.S. dollars)	Year ended December 31,		
	2016	2015	2014
Audit Fees	3,588	4,372	5,231
Audit-Related Fees	64	78	142
Tax Fees	14	25	89
All Other Fees	3	15	35
Total	3,669	4,490	5,497

33 Subsequent event

Annual Dividend Proposal

On February 22, 2017 the Company's Board of Directors proposed, for the approval of the Annual General Shareholders' meeting to be held on May 3, 2017, the payment of an annual dividend of $0.41 per share ($0.82 per ADS), or approximately $484 million, which includes the interim dividend of $0.13 per share ($0.26 per ADS) or approximately $153 million, paid on November 23, 2016. If the annual dividend is approved by the shareholders, a dividend of $0.28 per share ($0.56 per ADS), or approximately $331 million will be paid on May 24, 2017, with an ex-dividend date of May 22, 2017. These Consolidated Financial Statements do not reflect this dividend payable.

/s/ Edgardo Carlos
Chief Financial Officer
Edgardo Carlos

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Tenaris S.A. Annual Accounts (Luxembourg GAAP)

As at December 31, 2016

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Tenaris S.A.
Balance sheet as at December 31, 2016
(expressed in United States Dollars)

		Note(s)	2016 USD	2015 USD
	ASSETS			
C.	Fixed assets			
III.	Financial assets			
1.	Shares in affiliated undertakings	4	19,416,584,381	19,955,026,411
			19,416,584,381	19,955,026,411
D.	Current assets			
II.	Debtors			
2.	Amounts owed by affiliated undertakings			
	a) becoming due and payable within one year	10	1,431	4,305,445
4.	Other debtors			
	a) becoming due and payable within one year		186,161	85,725
IV.	Cash at bank and in hand		4,459,865	551,150
			4,647,457	4,942,320
	Total assets		19,421,231,838	19,959,968,731
	CAPITAL, RESERVES AND LIABILITIES			
A.	Capital and reserves			
I.	Subscribed capital	5	1,180,536,830	1,180,536,830
II.	Share premium account	5	609,732,757	609,732,757
IV.	Reserves			
1.	Legal reserve	5&6	118,053,683	118,053,683
V.	Profit brought forward		17,670,043,441	20,718,019,221
VI.	Loss for the financial year		(23,560,717)	(2,516,734,206)
VII.	Interim dividends	5&8	(153,469,788)	(177,080,525)
			19,401,336,206	19,932,527,760
C.	Creditors			
6.	Amounts owed to affiliated undertakings			
	a) becoming due and payable within one year	10	4,386,749	7,035,793
	b) becoming due and payable after more than one year	10	9,427,992	18,460,359
8.	Other creditors			
	c) Other creditors			
	i) becoming due and payable within one year		6,080,891	1,944,819
			19,895,632	27,440,971
	Total capital, reserves and liabilities		19,421,231,838	19,959,968,731

The accompanying notes are an integral part of these annual accounts
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Tenaris S.A.
Profit and loss account for the year ended December 31, 2016
(expressed in United States Dollars)

		Note	2016 USD	2015 USD
8.	Other operating expenses	11	(22,604,137)	(22,982,837)
11.	Other interest receivable and similar income			
	a) derived from affiliated undertakings		251,660	70,835
	b) other interest and similar income		-	6,653
13.	Value adjustments in respect of financial assets and of investments held as current assets	4	-	(2,493,111,324)
14.	Interest payable and similar expenses			
	a) concerning affiliated undertakings		(1,123,858)	(713,713)
	b) other interest and similar expenses		(77,552)	(125)
15.	Tax on profit or loss	9	-	(3,626)
16.	Loss after taxation		(23,553,887)	(2,516,734,137)
17.	Other taxes not shown under items 1 to 16	9	(6,830)	(69)
18.	Loss for the period		(23,560,717)	(2,516,734,206)

The accompanying notes are an integral part of these annual accounts
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Tenaris S.A.
Notes to the audited annual accounts
Note 1 – General information
Tenaris S.A. (the "Company" or "Tenaris") was established on December 17, 2001 under the name of Tenaris Holding S.A. as a public limited liability company under Luxembourg's 1929 holding company regime (societé anonyme holding). On June 26, 2002, the Company changed its name to Tenaris S.A. On January 1, 2011, the Company became an ordinary public limited liability company (Société Anonyme).

Tenaris's object is to invest mainly in companies that manufacture and market steel tubes and other related businesses.

The financial year starts on January 1 and ends on December 31 of each year.

Tenaris prepares and publishes consolidated financial statements which include further information on Tenaris and its subsidiaries. The financial statements are available at the registered office of the Company, 29, Avenue de la Porte-Neuve –L-2227– 3rd Floor, Luxembourg.

Note 2 – Presentation of the comparative financial data

The comparative figures for the financial year ended December 31, 2015 relating to items of balance sheet, profit and loss and the notes to the accounts are reclassified whenever necessary to ensure comparability with the figures for the financial year ended December 31, 2016.

Note 3 – Summary of significant accounting policies

3.1 Basis of presentation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, determined and applied by the Board of Directors.

The preparation of these annual accounts requires management to make certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting dates, and the reported amounts of income and charges during the reporting years. Actual results may differ from these estimates.

3.2 Foreign currency translation

Current and non-current assets and liabilities denominated in currencies other than the United States Dollar ("USD") are translated into USD at the rate of exchange at the balance sheet date. Non-current assets remain at the exchange rate on the day of incorporation. The resulting gains or losses are reflected in the Profit and loss account for the financial year. Income and expenses in currencies other than the USD are translated into USD at the exchange rate prevailing at the date of each transaction.
3.3 Financial assets

Shares in affiliated undertakings are stated at purchase price, adding to the price paid the expenses incidental thereto.

Whenever necessary, the Company conducts impairment tests on its financial assets in accordance with Luxembourg regulations.

In case of other than a temporary decline in respect of the financial assets value, its carrying value will be reduced to recognize this decline. If there is a change in the reasons for which the value adjustments were made, these adjustments could be reversed, if appropriate.

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Tenaris S.A.
Notes to the audited annual accounts

Note 3 – Summary of significant accounting policies (Cont.)

3.4 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.5 Cash at bank and in hand

Cash at bank and cash in hand mainly comprise cash at bank and liquidity funds. Assets recorded in cash at bank and cash in hand are carried at fair market value or at historical cost which approximates fair market value.

3.6 Creditors

Creditors are stated at nominal value.

Note 4 – Financial assets

Shares in affiliated undertakings
Tenaris holds the 100% shares of Tenaris Investments S.à r.l. (Tenaris Investments) with registered office in Luxembourg and holds, indirectly through this wholly-owned subsidiary, the 100% shares of Confab Industrial S.A., Hydril Company, Inversiones Lucerna Limitada, Maverick Tube Corporation, Siderca S.A.I.C., Talta - Trading e Marketing, Sociedade Unipessoal Lda., Tenaris Investments Switzerland AG, Tenaris Solutions AG in Liquidation, Tubos de Acero de México S.A., Tenaris Bay City, Inc., Tenaris Rods (USA), Inc., Algoma Tubes Inc., Siderca International ApS, Socobras Participações Ltda., Tubman Holdings S.à r.l and Tenaris Connections BV, the 50% shares of Exiros B.V and the 11.5% of Ternium S.A.

Movements during the financial year are as follows:

	USD
Gross book value - opening balance	22,894,317,755
Decreases for the financial year (a)	(538,442,030)
Gross book value - closing balance	22,355,875,725
Accumulated value adjustments - opening balance	(2,939,291,344)
Allocations for the financial year	-
Accumulated value adjustments - closing balance	(2,939,291,344)
Net book value - closing balance	19,416,584,381
Net book value - opening balance	19,955,026,411

(a) On December 7, 2010, Tenaris entered into a master credit agreement with Tenaris Investments pursuant to which, upon request from Tenaris, Tenaris Investments may, but shall not be required to, from time to time make loans to Tenaris. Any loan under the master credit agreement may be repaid or prepaid from time to time through a reduction of the capital of Tenaris Investments by an amount equivalent to the amount of the loan then outstanding (including accrued interest). As a result of reductions in the capital of Tenaris Investments made during the financial year ended December 31, 2016, in connection with cancellations of loans to Tenaris, the value of the participation of Tenaris in

Tenaris Investments decreased by USD 538.4 million.
As of December 31, 2016 Tenaris Investments reported an equity of USD 20.2 billion and a profit for the financial year of USD 0.8 billion.
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Tenaris S.A.
Notes to the audited annual accounts

Note 5 – Capital and reserves

Item	Subscribed capital USD	Share premium	Legal reserve	Retained earnings	Interim dividend	Capital and reserves
Balance at the beginning of the financial year	1,180,536,830	609,732,757	118,053,683	18,201,285,015	(177,080,525)	19,932,527,760
Loss for the financial year	-	-	-	(23,560,717)	-	(23,560,717)
Dividend paid (1)	-	-	-	(531,241,574)	177,080,525	(354,161,049)
Interim Dividend (2)	-	-	-	-	(153,469,788)	(153,469,788)
Balance at the end of the financial year	1,180,536,830	609,732,757	118,053,683	17,646,482,724	(153,469,788)	19,401,336,206

(1) As approved by the ordinary shareholders' meeting held on May 4, 2016.
(2) As approved by the board of directors' meeting held on November 3, 2016.

The authorized capital of the Company amounts to USD 2.5 billion. The total authorized share capital of the Company is represented by 2,500,000,000 shares with a par value of USD 1 per share. The total capital issued and fully paid-up at December 31, 2016 was 1,180,536,830 shares with a par value of USD 1 per share.

The board of directors is authorized until June 5, 2020, to increase the issued share capital, through issues of shares within the limits of the authorized capital.

Note 6 – Legal reserve

In accordance with Luxembourg law, the Company is required to set aside a minimum of 5% of its annual net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve has reached 10% of the issued share capital. The Company's reserve has already reached this 10%. If the legal reserve later falls below the 10% threshold, at least 5% of net profits again must be allocated toward the reserve. The legal reserve is not available for distribution to the shareholders.

Note 7 – Distributable amounts

Dividends may be paid by Tenaris upon the ordinary shareholders' meeting approval to the extent distributable retained earnings exist.
At December 31, 2016, profit brought forward after deduction of the loss and the interim dividend for the financial year of Tenaris under Luxembourg law totaled approximately USD 17.5 billion.

The share premium amounting to USD 0.6 billion can also be reimbursed.

Note 8 – Interim dividend paid

In November 2016, the Company paid an interim dividend of USD 153.5 million based on the board of directors' decision of November 3, 2016 and in compliance with the conditions set out in the "Amended law of August 10, 1915 on commercial companies" regarding the payment of interim dividends.
Note 9 – Taxes

For the financial year ended December 31, 2016 the Company did not realize any profits subject to tax in Luxembourg. The Company is liable to the minimum Net Wealth Tax.

Tenaris S.A.
Notes to the audited annual accounts

Note 10 – Balances with affiliated undertakings

	Within a year	After more than one year and within five years	After more than five years	Total at December 31, 2016	Total at December 31, 2015
	USD	USD	USD	USD	USD
Assets					
Debtors					
Tenaris Solutions AG in Liquidation	-	-	-	-	4,304,708
Others	1,431	-	-	1,431	737
Total	1,431	-	-	1,431	4,305,445
Creditors					
Siderca Sociedad Anónima Industrial y Comercial	1,300,000	6,788,102	890,775	8,978,877	14,809,044
Dalmine S.p.A.	1,284,868	-	-	1,284,868	1,425,235
Tenaris Solutions Uruguay S.A.	119,982	179,600	278,815	578,397	609,913
Tubos de Acero de México, S.A.	100,000	372,188	79,969	552,157	482,368
Maverick Tube Corporation	900,000	260,663	577,880	1,738,543	1,550,104
Confab Industrial S.A.	680,580	-	-	680,580	-
Tenaris Solutions AG in Liquidation	-	-	-	-	6,514,874
SIAT Sociedad Anónima	-	-	-	-	103,740
Others	1,319	-	-	1,319	874
Total	4,386,749	7,600,553	1,827,439	13,814,741	25,496,152

Note 11 – Other operating charges

	2016	2015
	USD	USD
Services and fees	20,921,590	21,241,982
Board of directors' accrued fees	968,333	1,025,000
Others	714,214	715,855
	22,604,137	22,982,837

Note 12 – Parent Company

Tenaris's controlling shareholders as of December 31, 2016 were as follows:

- San Faustin S.A., a Luxembourg Société Anonyme ("San Faustin"), owned 713,605,187 shares in the Company, representing 60.45% of the Company's capital and voting rights.
- San Faustin owned all of its shares in the Company through its wholly-owned subsidiary Techint Holdings S.à r.l., a Luxembourg Société à Responsabilité Limitée, who is the holder of record of the above-mentioned Tenaris shares.

- Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin, a Dutch private foundation (Stichting) ("RP STAK") held shares in San Faustin sufficient in number to control San Faustin.
- No person or group of persons controls RP STAK.

Based on the information most recently available to the Company, Tenaris's directors and senior management as a group owned 0.10% of the Company's outstanding shares.

Tenaris S.A.
Notes to the audited annual accounts

Note 13 – Subsequent event

Annual Dividend Proposal

On February 22, 2017 the Company's board of directors proposed, for the approval of the annual general shareholders' meeting to be held on May 3, 2017, the payment of an annual dividend of USD 0.41 per share (USD 0.82 per ADS) or approximately USD 484.0 million, which includes the interim dividend of USD 0.13 per share (USD 0.26 per ADS), or approximately USD 153.5 million, paid in November 2016. If the annual dividend is approved by the shareholders, a dividend of USD 0.28 per share (USD 0.56 per ADS), or approximately USD 330.5 million will be paid on May 24, 2017, with an ex-dividend date of May 22, 2017. These annual accounts do not reflect this dividend payable.

/s/ Edgardo Carlos
Chief Financial Officer
Edgardo Carlos

Exhibit I – Alternative performance measures

EBITDA, Earnings before interest, tax, depreciation and amortization.

EBITDA provides an analysis of the operating results excluding depreciation and amortization and impairments, as they are non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. EBITDA is an approximation to pre-tax operating cash flow and reflects cash generation before working capital variation. EBITDA is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors to evaluate the level of debt, comparing EBITDA with net debt.

EBITDA is calculated in the following manner:

EBITDA = Operating results + Depreciation and amortization + Impairment charges/(reversals).

	For the year ended December 31,	
Millions of U.S. dollars	2016	2015
Operating (loss) income	(59)	166
Depreciation and amortization	662	659
Depreciation and amortization from discontinued operations	(5)	(5)
Impairment	-	400
EBITDA	598	1,219

Net cash/(debt) position

This is the net balance of cash and cash equivalents, other current investments and fixed income investments held to maturity less total borrowings. It provides a summary of the financial solvency and liquidity of the company. Net cash / (debt) is widely used by investors and rating agencies and creditors to assess the company's leverage, financial strength, flexibility and risks.

Net cash/(debt) position is calculated in the following manner:

Net cash/(debt) = Cash and cash equivalents + Other investments (Current) + Fixed income investments held to maturity – Borrowings (Current and Non-current).

	At December 31,	
Millions of U.S. dollars	2016	2015
Cash and cash equivalents	400	287
Other current investments	1,633	2,141
Non-current fixed income investments held to maturity	248	393
Borrowings -current and non current-	(840)	(972)
Net cash position	1,441	1,849

Free Cash Flow

Free cash flow is a measure of financial performance, calculated as operating cash flow less capital expenditures. FCF represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base.

Free cash flow is calculated in the following manner:

Free cash flow = Net cash (used in) provided by operating activities – Capital expenditures.

Millions of U.S. dollars	For the year ended December 31, 2016	2015
Net cash provided by operating activities	864	2,215
Capital expenditures	(787)	(1,132)
Free cash flow	77	1,083

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INVESTOR INFORMATION

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Stock Information

New York Stock Exchange (TS)	ADS Depositary Bank
Mercato Telematico Azionario (TEN)	Deutsche Bank
Mercado de Valores de Buenos Aires (TS)	CUSIP No. 88031M019
Bolsa Mexicana de Valores, S.A.B. de C.V. (TS)	

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