

ZIONS BANCORPORATION /UT/
Form 424B3
September 17, 2009
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Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-158319

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 September 17, 2009.

Prospectus Supplement to Prospectus dated March 31, 2009.

\$

Zions Bancorporation

% Senior Notes due September , 2014

We will pay interest on the notes semi-annually on March and September of each year. The first such payment will be made on March , 2010. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000.

We may not redeem the notes prior to maturity.

The notes will not be listed on any national securities exchange. Currently, there is no public market for the notes.

Investing in the notes involves certain risks. See Risk Factors beginning on page S-6 of this prospectus supplement to read about certain factors you should consider before buying the notes.

The notes are our unsecured obligations. The notes 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. The notes are not guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program.

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 Note	Total
Initial public offering price	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to us	%	\$

The initial public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from September , 2009 and must be paid by the purchasers if the notes are delivered after September , 2009.

The underwriters expect to deliver the notes through the facilities of The Depository Trust Company against payment in New York, New York on September , 2009.

Deutsche Bank Securities

**Goldman, Sachs &
Co.**

BofA Merrill Lynch

J.P. Morgan

Zions Direct, Inc.

Prospectus Supplement dated September , 2009.

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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 notes 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-iii 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 notes 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** section of this prospectus supplement beginning on page S-19. 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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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. Information that Zions Bancorporation files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference into this prospectus supplement:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2008;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009;

our Current Reports on Form 8-K filed on January 23, 2009, March 31, 2009, April 21, 2009, June 1, 2009, July 2, 2009, July 23, 2009, July 30, 2009 and September 17, 2009 (except in each case, any information that has been deemed furnished and not filed, and any exhibits related thereto);

our Current Reports on Form 8-K/A and Form 8-K furnished on August 28, 2009 and September 16, 2009, respectively; and

any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, until we sell all of the notes offered by this prospectus supplement.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number:

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 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 notes, as well as the other considerations that are important to you in making a decision about whether to invest in the notes.

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 481 domestic branches as of June 30, 2009. We provide a full range of banking and related services through our banking and other subsidiaries, primarily in Utah, California, Texas, Arizona, Nevada, Colorado, New Mexico, Idaho, Washington and Oregon. Full-time equivalent employees totaled 10,632 as of June 30, 2009.

We focus on providing community-minded banking services by continuously strengthening our core business lines of 1) small, 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, installment loans, home equity lines of credit, checking accounts, savings accounts, time certificates 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 a subsidiary, Contango Capital Advisors, Inc., and online brokerage services through Zions Direct, Inc.

In addition to these core businesses, we have built specialized lines of business in capital markets, public finance and certain financial technologies, 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. We also control four venture capital funds that provide early-stage capital primarily for start-up companies located in the Western United States. Our NetDeposit, LLC subsidiary is a leader in the provision of check imaging and clearing software.

Recent Developments

On September 17, 2009, the Company entered into a common equity distribution agreement with Goldman, Sachs & Co., pursuant to which the Company may offer and sell through or to Goldman Sachs & Co., from time to time, shares of the Company's common stock, without par value, with an aggregate sales price of up to \$250,000,000.

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THE OFFERING

Issuer	Zions Bancorporation.
Securities Offered	\$ _____ aggregate principal amount of _____ % Senior Notes due September _____, 2014.
Offering Price	_____ % of the principal amount, plus accrued interest, if any, from September _____, 2009.
Maturity Date	September _____, 2014.
Interest	We will pay interest on the notes semi-annually on March _____ and September _____ of each year, commencing March _____, 2010, at a rate of _____ % per year.
Ranking	The notes will be our senior unsecured obligations and will rank equally with all of our other senior and unsecured indebtedness from time to time outstanding. The notes will be structurally subordinated to all existing and future debt and all other liabilities of our subsidiaries.
Redemption	The notes are not redeemable prior to maturity.
Ratings	The ratings of the Company and the notes, as of September _____, 2009, are as follows:

	Company	Notes
S&P	BBB- / Negative / A-3	BBB- / Negative / A-3
Moody s	B2 / Negative / NP	Not rated
Fitch	BBB / Negative / F2	BBB / Negative / F2
DBRS	BBB (low)	BBB (low)

A rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

Global Note; Book-Entry System	The notes will be issued only in fully registered form without interest coupons and in minimum denominations of \$2,000. The notes will be evidenced by a global note deposited with the trustee for the notes, as custodian for DTC. Beneficial interests in the global note will be shown on, and transfers of those beneficial interest can only be made through, records maintained by DTC and its
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participants. See Description of Notes Form, Denomination, Transfer, Exchange and Book-Entry Procedures.

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Use of Proceeds	We intend to use the net cash proceeds from this offering towards the repayment of the principal amount of, and the accrued interest due at maturity on, \$295,630,000 of our Floating Rate Senior Notes Due December 10, 2009 (the Floating Rate Senior Notes) and the remainder, if any, for general corporate purposes. See Use of Proceeds.
Listing	The notes will not be listed on any national securities exchange.
Trustee	The Bank of New York Mellon Trust Company, N.A. See Description of Notes The Trustee for more information.
Authenticating/Paying Agent	Zions First National Bank
U.S. Federal Income Tax Consequences	<p>The notes are being issued with original issue discount (OID) for U.S. federal income tax purposes. See Supplemental Discussion of U.S. Federal Income Tax Consequences in this prospectus supplement for a brief description of the U.S. federal income tax consequences of owning an OID note.</p> <p>You should carefully review the section United States Taxation Taxation of Debt Securities in the accompanying prospectus and discuss the tax consequences of your particular situation with your tax advisor.</p>
Conflict of Interest	Zions Direct, Inc. is an affiliate of Zions Bancorporation and, as such, has a conflict of interest in this offering within the meaning of NASD Rule 2720. Consequently, the offering is being conducted in compliance with the provisions of Rule 2720. Zions Direct, Inc. is not permitted to sell the notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

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The following selected consolidated financial data for each of the years in the five-year period ended December 31, 2008 and for each of the six-month periods ended June 30, 2009 and June 30, 2008 are derived from and qualified by reference to our consolidated financial statements. You should read this data in conjunction with the financial statements, related notes and other financial information incorporated by reference in this prospectus supplement. See Incorporation by Reference.

Certain prior period amounts have been reclassified to conform to the most recent period presentation. In addition, the presentation of certain prior period amounts was adjusted to conform to new accounting guidance from the Financial Accounting Standards Board (FASB) that became effective for the Company beginning January 1, 2009. This included Statement of Financial Accounting Standards (SFAS) No. 160, *Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51*, and FASB Staff Position (FSP) No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities*. Adoption of SFAS 160 required retrospective application of reporting controlling and noncontrolling (minority) interests in the Company's financial statements. Adoption of FSP 03-6-1 required retrospective adjustment of earnings per share information.

	Six Months Ended June 30,			Year Ended December 31,			
	2009	2008	2008	2007	2006	2005(3)	2004
	(unaudited)			(audited)			
(in millions, except per share amounts)							
Consolidated Statement of Income Data							
Net interest income	\$ 968.5	971.2	1,971.6	1,882.0	1,764.7	1,361.4	1,160.8
Net impairment and valuation losses on securities	(336.7)	(84.8)	(317.1)	(158.2)			
Gains on swap termination and debt modification	466.3						
Other noninterest income	310.5	268.1	507.8	570.5	551.2	436.9	431.5
Total revenue	1,408.6	1,154.5	2,162.3	2,294.3	2,315.9	1,798.3	1,592.3
Provision for loan losses	1,060.3	206.5	648.3	152.2	72.6	43.0	44.1
Noninterest expense	795.7	704.5	1,475.0	1,404.6	1,330.4	1,012.8	923.2
Impairment loss on goodwill	634.0		353.8			0.6	0.6
Income (loss) before income taxes	(1,081.4)	243.5	(314.8)	737.5	912.9	741.9	624.4
Income taxes (benefit)	(186.0)	71.9	(43.4)	235.8	318.0	263.4	220.1
Net income (loss)	(895.4)	171.6	(271.4)	501.7	594.9	478.5	404.3
Net income (loss) applicable to noncontrolling interests	(1.7)	(7.3)	(5.1)	8.0	11.8	(1.6)	(1.7)
Net income (loss) applicable to controlling interest	(893.7)	178.9	(266.3)	493.7	583.1	480.1	406.0
Preferred stock dividends	(51.7)	(4.9)	(24.4)	(14.3)	(3.8)		
Preferred stock redemption	52.4						
Net earnings (loss) applicable to common shareholders	(893.0)	174.0	(290.7)	479.4	579.3	480.1	406.0
Per Common Share							
Net earnings (loss) diluted	(7.77)	1.62	(2.68)	4.40	5.35	5.16	4.47
Net earnings (loss) basic	(7.77)	1.62	(2.68)	4.45	5.45	5.26	4.53
Common dividends declared	0.08	0.86	1.61	1.68	1.47	1.44	1.26
Book value per common share(1)	32.50	46.82	42.65	47.17	44.48	40.30	31.06
Weighted average common and common equivalent shares outstanding during the period (in thousands)	115,012	106,697	108,908	108,408	107,957	92,994	90,882

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	Six Months Ended June 30,			Year Ended December 31,			2004
	2009 (unaudited)	2008	2008	2007	2006 (audited)	2005(3)	
(in millions, except per share amounts)							
Consolidated Balance Sheet Data(1)							
Assets	\$ 52,875	54,631	55,093	52,947	46,970	42,780	31,470
Net loans and leases	41,400	41,714	41,659	38,880	34,415	29,871	22,430
Deposits	42,644	37,608	41,316	36,923	34,982	32,642	23,292
Long-term borrowings	2,216	2,592	2,622	2,591	2,495	2,746	1,919
Shareholders' equity:							
Preferred equity	1,492	240	1,582	240	240		
Common equity	4,066	5,034	4,920	5,053	4,747	4,237	2,790
Noncontrolling interests	24	25	27	31	43	28	23
Total shareholders' equity	5,582	5,299	6,529	5,324	5,030	4,265	2,813
Performance Ratios							
Return on average assets	(3.29)%	0.68%	(0.50)%	1.01%	1.32%	1.43%	1.31%
Return on average common equity	(40.27)%	6.86%	(5.69)%	9.57%	12.89%	15.86%	15.27%
Efficiency ratio	56.03%	60.40%	67.47%	60.53%	56.85%	55.67%	57.22%
Net interest margin	4.01%	4.20%	4.18%	4.43%	4.63%	4.58%	4.27%
Capital Ratios(1)							
Total equity to assets	10.56%	9.70%	11.85%	10.05%	10.71%	9.97%	8.94%
Tier 1 leverage	9.89%	7.20%	9.99%	7.37%	7.86%	8.16%	8.31%
Tier 1 risk-based capital	9.66%	7.45%	10.22%	7.57%	7.98%	7.52%	9.35%
Total risk-based capital	12.87%	11.58%	14.32%	11.68%	12.29%	12.23%	14.05%
Tangible common equity	5.66%	5.51%	5.89%	5.70%	5.98%	5.28%	6.80%
Tangible equity	8.59%	6.01%	8.91%	6.23%	6.61%	5.35%	6.87%
Ratio of Earnings to Fixed Charges(4)							
Excluding interest on deposits	(a)	2.39	(a)	2.99	3.83	4.51	4.93
Including interest on deposits	(a)	1.43	(a)	1.54	1.85	2.31	2.79

(1) At period end.

(2) Includes loans held for sale.

(3) Amounts for 2005 include Amegy Corporation at December 31, 2005 and for the month of December 2005.

(4) For information on how these ratios are calculated, see explanation under "Ratio of Earnings to Fixed Charges" on page S-13.

(a) See explanation under "Ratio of Earnings to Fixed Charges" on page S-13.

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RISK FACTORS

An investment in the notes 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, the accompanying prospectus and any applicable pricing supplement or preliminary pricing supplement, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our notes 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 Relating to an Investment in the Notes

Our indebtedness could adversely affect our financial results and prevent us from fulfilling our obligations under the notes.

In addition to our currently outstanding indebtedness and any additional indebtedness we may incur pursuant to any offerings related to this prospectus supplement, we may be able to borrow substantial additional unsecured indebtedness in the future. If new indebtedness is incurred in addition to our current debt levels, the related risks that we now face could increase.

Our indebtedness, including the indebtedness we may incur in the future, could have important consequences for the holders of the notes, including:

limiting our ability to satisfy our obligations with respect to the notes;

increasing our vulnerability to general adverse economic and industry conditions;

limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

requiring a substantial portion of our cash flow from operations for the payment of principal of, and interest on, our indebtedness and thereby reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and

putting us at a disadvantage compared to competitors with less indebtedness.

Our business operations may not generate the cash needed to service our indebtedness.

Our ability to make payments on our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash flow in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay interest on and principal of our indebtedness, including the notes, or to fund our other liquidity needs.

Although these notes are referred to as senior notes, they will be effectively subordinated to our secured indebtedness and all liabilities of our subsidiaries.

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The notes are unsecured and therefore will be effectively subordinated to any secured indebtedness we may incur to the extent of the value of the assets securing such indebtedness. In the

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event of a bankruptcy or similar proceeding involving us, any of our assets which serve as collateral for any secured indebtedness will be available to satisfy the obligations under such secured indebtedness before any payments are made on the notes or our other unsecured indebtedness.

In addition, the notes will be structurally subordinated to all indebtedness and other liabilities, including trade payables and lease obligations, of each of our subsidiaries, except to the extent we may be a creditor of that subsidiary with recognized senior claims. This occurs because our rights to receive any assets of our subsidiaries upon their liquidation or reorganization, and thus the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of those subsidiaries creditors, including trade creditors. Claims on our subsidiary banks by creditors other than us include long-term debt, including subordinated and junior subordinated debt issued by our subsidiary, Amegy Corporation, and substantial obligations with respect to deposit liabilities and federal funds purchased, securities sold under repurchase agreements, other short-term borrowings and various other financial obligations.

An active trading market may not develop for the notes.

Prior to this offering, there will be no existing trading market for the notes. Although the underwriters have informed us that they currently intend to make a market in the notes after we complete the offering, they have no obligation to do so and may discontinue making a market at any time without notice.

Furthermore, we do not intend to apply for listing of the notes on any securities exchange or for quotation on any quotation system.

The liquidity of any market for the notes will depend on a number of factors, including but not limited to:

the number of holders of the notes;

our performance;

the market for similar securities;

the interest of securities dealers in making a market in the notes; and

prevailing interest rates.

We cannot assure you that an active market for the notes will develop or will continue, if developed.

The notes are being issued with original issue discount, or OID, for U.S. federal income tax purposes and, accordingly, holders will generally be required to include OID in their income in advance of the receipt of cash attributable to such income.

The notes offered under this prospectus supplement are being issued with OID for U.S. federal income tax purposes. Holders of these notes generally must include OID in income for U.S. federal income tax purposes under a constant yield accrual method regardless of their regular method of tax accounting. As a result, holders of such notes will generally be required to include OID in their income in advance of the receipt of cash attributable to such income. See Supplemental Discussion of U.S. Federal Income Tax Consequences in this prospectus supplement for a brief description of the U.S. federal income tax consequences of owning a note that is issued with OID. See United States Taxation Taxation of Debt Securities in the accompanying prospectus for a description of material U.S. federal income tax consequences of owning the notes.

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Risks Related to the Company

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 interest payments on our indebtedness, including the notes, will depend primarily upon the receipt of dividends and other distributions from our subsidiaries. The ability of our subsidiaries to pay dividends to us is impacted by their profitability.

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 interest on our indebtedness, including the notes. The Board of Governors of the Federal Reserve System (Federal Reserve) and the Office of the Comptroller of the Currency, the primary regulator for certain of our subsidiary banks, have issued policy statements generally requiring insured banks and bank holding companies only to pay dividends out of current operating 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%.

We and/or the holders of our securities could be adversely affected by unfavorable rating actions from rating agencies.

Our ability to access the capital markets is important to our overall funding profile. This access is affected by the ratings assigned by rating agencies to us, certain of our affiliates and particular classes of securities that we and our affiliates issue. The interest rates that we pay on our securities are also influenced by, among other things, the credit ratings that we, our affiliates and/or our securities receive from recognized rating agencies. On April 20, 2009, Moody's Investor Services severely downgraded the ratings of Zions Bancorporation to B2 and lowered its outlook to Outlook Negative. On April 22, 2009, Standard & Poor's Rating Services (S&P) downgraded the ratings of Zions Bancorporation to BBB with an Outlook Negative. On June 30, 2009, Fitch Ratings (Fitch) downgraded our senior debt rating to BBB. Fitch maintains a negative outlook on Zions Bancorporation and our subsidiaries. On July 22, 2009, DBRS downgraded the Company's senior debt rating from BBB to BBB (low). The notes offered hereby will only be rated by S&P, DBRS and Fitch and will not carry a rating by Moody's or any other rating agency. Further downgrades to us, our affiliates or our securities could increase our costs or otherwise have a negative effect on our results of operations or financial condition. Additionally, a downgrade of the credit rating of any particular security issued by us or our affiliates could negatively affect the ability of the holders of that security to sell the securities and the prices at which any such securities may be sold, including the notes offered hereby.

In general, rating agencies base their ratings on many quantitative and qualitative factors, including capital adequacy, liquidity, asset quality, business mix and level and quality of earnings, and there can be no assurance that we will maintain the aforementioned credit ratings. In addition, ratings agencies have themselves been subject to scrutiny arising from the financial crisis and there is no assurance that rating agencies will not make or be required to make substantial changes to their ratings policies and practices or that such changes would not affect ratings of our securities or of securities in which we have an economic interest. Any decrease, or potential decrease, in credit ratings could impact our ability to access the capital markets and/or increase the cost of our debt, and thereby adversely affect our liquidity and financial condition.

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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. 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 were not corrected within 180 days or such longer period as may be permitted by the Federal Reserve, 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 could subject us to certain activity restrictions or to 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 Federal Deposit Insurance Corporation.

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 are subject to the comprehensive, consolidated supervision and regulation of the Federal Reserve, 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.

Our credit exposure is one of our most significant risks. The Company's level of credit quality continued to weaken throughout 2008 and into 2009. The deterioration in credit quality that started in the latter half of 2007 is mainly related to the weakness in residential and commercial construction and land development activity in the Southwest states (generally, Arizona, California, Nevada and Utah), which markets have been particularly adversely affected by job losses, declines in real estate value, declines in home sale volumes and declines in new home building. Other geographic markets served by us have also experienced adverse housing and economic conditions. Residential and commercial construction and land development loans in Arizona and Nevada remain the most troubled segments of the portfolio and account for the most meaningful declines in commercial real estate credit quality during the second half of 2008. As of the second quarter of 2009, residential and commercial construction and land development represented 17% of total loans, with Arizona, California and Nevada representing 15%, 12% and 12% of this portfolio, respectively. Although not to the degree experienced in the Southwest states, some signs of deterioration began to surface in markets in Utah and Idaho during the first quarter of 2008 and in Texas in the fourth quarter of 2008. The most meaningful declines in commercial real estate credit quality during the first half of 2009 were in Nevada, Texas, and Utah. The Company experienced increased criticized and classified loans in its commercial loan portfolio during the second

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quarter of 2009 in Utah, Texas, and Colorado and loan delinquencies were essentially unchanged throughout the loan portfolio. During the later part of 2008 and continuing into the first half of 2009, credit quality deterioration began to become evident in most loan types and geographies in which the Company operated as general economic conditions weakened throughout the country.

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 continues to decline, this could result in, among other things, a continued deterioration in credit quality or a reduced demand for credit, including a resultant effect on our loan portfolio and allowance for loan and lease losses, throughout our geographic footprint and for other loan types. We expect continued credit quality deterioration over the next few quarters. A deeper or prolonged downturn beyond the next few quarters in the economy could result in higher delinquencies and greater charge-offs in future periods, and may lead to material future credit losses, which would materially adversely affect our financial condition and results of operations and may require us to raise additional capital.

Deteriorating credit quality, particularly in real estate loans, has adversely impacted us and may continue to adversely impact us.

We have experienced a downturn in credit performance that continued throughout 2008 and the first half of 2009 and we expect credit conditions and the performance of our loan portfolio to continue to deteriorate in the near term. This caused us to increase our allowance for loan and lease losses throughout 2008 and the first half of 2009. Additional increases in our allowance for loan and lease losses may be necessary in the future. Accordingly, a decrease in the quality of our credit portfolio could have a material adverse effect on earnings and results of operations.

Problems encountered by financial institutions larger or similar to us 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.

Deterioration in credit quality and fair market values of our securities portfolio has adversely impacted us and may continue to adversely impact us.

The Company's on-balance sheet asset-backed securities investment portfolio includes collateralized debt obligations (CDOs) collateralized by trust preferred securities issued by banks, insurance companies, and real estate investment trusts that may have some exposure to the subprime market and/or to other categories of distressed assets. In addition, asset-backed securities also include structured asset-backed collateralized debt obligations (also known as diversified structured finance CDOs) purchased from Lockhart Funding, LLC which have minimal exposure to subprime and home equity mortgage securitizations. Factors beyond the Company's control can significantly influence the fair value of these securities and potential adverse changes to the fair value of these securities. These factors include but are not limited to problems encountered by financial institutions that adversely affect financial markets generally, rating agency downgrades of these securities, defaults of issuers of these securities, lack of market pricing of these securities and continued instability in the credit markets.

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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.

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The cash proceeds to us from the sale of the notes 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 towards the repayment of the principal amount of, and the accrued interest due at maturity on, \$295,630,000 of the Floating Rate Senior Notes and the remainder, if any, for general corporate purposes. The Floating Rate Senior Notes bear interest at a rate equal to the U.S. dollar three-month LIBOR plus 1.50%. Pending use of the net proceeds of this offering, we intend to invest the net proceeds in interest-bearing, investment grade securities.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2009:

on an actual basis, and

as adjusted to give effect to the sale of the notes in this offering and the repayment in December of the Floating Rate Senior Notes.

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 June 30, 2009	
	Actual	As Adjusted
	(unaudited)	
	(in thousands,	
	except share data)	
Federal Home Loan Bank advances and other borrowings over one year	\$ 18,882	\$ 18,882
Long-term debt:		
Notes offered hereby		
Other long-term debt(1)(2)	2,197,343	
Total long-term debt	2,216,225	
Shareholders' equity:		
Preferred stock, without par value; authorized 3,000,000 shares: Series A (liquidation preference \$1,000 per share); issued and outstanding 139,489,125 shares, Series C (liquidation preference \$1,000 per share); issued and outstanding 46,949,275 shares; Series D (liquidation preference \$1,000 per share); issued and outstanding 1,400,000 shares(2)	1,491,730	1,491,730
Common stock, without par value; authorized 350,000,000 shares; issued and outstanding 125,095,328 shares(3)	2,779,896	2,779,896
Retained earnings	1,668,608	1,668,608
Accumulated other comprehensive loss	(368,164)	(368,164)
Deferred compensation	(14,138)	(14,138)
Controlling interest shareholders' equity	5,557,932	5,557,932
Noncontrolling interests	24,021	24,021
Total shareholders' equity	5,581,953	5,581,953
Total capitalization	\$ 7,798,178	\$ _____

- (1) Does not include an additional \$14 million in other senior notes issued after June 30, 2009.
- (2) Does not include (i) the conversion of \$27,324,000 principal amount of subordinated notes into 27,324 shares of Series C Preferred Stock on July 22, 2009 or (ii) the conversion of \$433,000 principal amount of subordinated notes into 433 shares of Series C Preferred Stock effective September 15, 2009.
- (3) Does not include (i) an additional 7,655,267 shares of common stock issued after June 30, 2009 for net proceeds of \$122 million as part of our \$250 million offering of new common stock, which was announced on June 1, 2009 and successfully completed on August 27, 2009, or (ii) any shares of common stock which may be sold from time to time pursuant to the common equity distribution agreement dated September 17, 2009.

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Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth certain information concerning our consolidated ratio of earnings to fixed charges. For the purpose of computing the consolidated ratio of earnings to fixed charges, 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.

	Six Months Ended June 30,		2008	Year Ended December 31,			
	2009	2008		2007	2006	2005	2004
Ratio of earnings to fixed charges:							
Excluding interest on deposits	(a)	2.39	(a)	2.99	3.83	4.51	4.93
Including interest on deposits	(a)	1.43	(a)	1.54	1.85	2.31	2.79

- (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)	Six Months Ended June 30,		2008	Year Ended December 31,			
	2009	2008		2007	2006	2005	2004
Coverage deficiency earnings to fixed charges:	\$ (1,082,074)		\$ (324,803)				

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DESCRIPTION OF NOTES

We will issue the notes under the indenture dated September 10, 2002 between Zions Bancorporation and The Bank of New York Mellon Trust Company, N.A., as successor trustee to J.P. Morgan Trust Company, National Association, as trustee. The indenture and the notes are governed by New York law. The following description of the terms of the notes offered hereby (referred to in the accompanying prospectus as the debt securities) supplements the description of the debt securities set forth in the accompanying prospectus, to which description reference is hereby made. We summarize various terms that apply generally to our debt securities, including the notes offered hereby, in the accompanying prospectus under the caption Description of Debt Securities We May Offer. The following description of the notes supplements that description of the debt securities. Consequently, you should read this prospectus supplement together with the accompanying prospectus, in order to fully understand the terms of notes offered hereby. However, if this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement controls with regard to the notes offered hereby. Because this description is a summary, it does not describe every aspect of the notes. This summary is subject to and qualified in its entirety by reference to all the provisions of the indenture. In this section, references to Zions , we , us and our refer solely to Zions Bancorporation and not its subsidiaries.

General

The notes will be our senior unsecured obligations and will rank equally with all of our other senior and unsecured indebtedness from time to time outstanding.

The notes will initially be limited to \$ million aggregate principal amount. However, the indenture allows us to reopen this series of notes and issue additional notes of this series without your consent and without notifying you.

Payment of the full principal amount of the notes will be due on September , 2014.

The notes will be structurally subordinated to all indebtedness and other liabilities, including trade payables and lease obligations, of each of our subsidiaries, except to the extent we may be a creditor of that subsidiary with recognized senior claims. This occurs because our rights to receive any assets of our subsidiaries upon their liquidation or reorganization, and thus the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including trade creditors. Claims on our subsidiary banks by creditors other than us include long-term debt, including subordinated and junior subordinated debt issued by our subsidiary, Amegy Corporation, and substantial obligations with respect to deposit liabilities and federal funds purchased, securities sold under repurchase agreements, other short-term borrowings and various other financial obligations.

The notes will bear interest at the rate of % per year from September , 2009. We will pay interest semi-annually on March and September of each year, beginning March , 2010, until the principal is paid or made available for payment. Interest will be paid to the person in whose name the note is registered at the close of business on the preceding or , as the case may be. Interest will be calculated on a pro rata basis using a 30-day month and a 360-day year.

Except as described below for the first interest period, on each interest payment date, we will pay interest for the period commencing on and including the immediately preceding interest payment date and ending on and including the next day preceding that interest payment date. We refer to this period as an interest period. The first interest period will begin on and include September , 2009 and end on and include March , 2010.

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In the event that an interest payment date is not a business day, we will pay interest on the next day that is a business day, with the same force and effect as if made on the interest payment date, and without any interest or other payment with respect to the delay. If the date of maturity falls on a day that is not a business day, the payment of principal and interest, if any, will be made on the next succeeding business day and no interest will accrue for the period from and after such date of maturity. For purposes of this prospectus, a business day is a day other than a Saturday, a Sunday or any other day on which banking institutions in Salt Lake City, Utah, or New York City generally are authorized or required by law or executive order to close.

We will not have the option to redeem the notes. There are no sinking funds for the notes.

Form, Denomination, Transfer, Exchange and Book-Entry Procedures

The notes will be issued:

only in fully registered form,

without interest coupons, and

in denominations of \$2,000 and integral multiples of \$1,000.

The notes will be evidenced by a global note which will be deposited with the trustee as custodian for The Depository Trust Company, or DTC, and registered in the name of Cede & Co., or Cede, as nominee of DTC. Except as set forth below, record ownership of the global note may be transferred, in whole or in part, only to another nominee of DTC or to a successor of DTC or its nominee.

The global note will not be registered in the name of any person, or exchanged for notes that are registered in the name of any person, other than DTC or its nominee, unless one of the following occurs:

DTC notifies us that it is unwilling or unable to continue acting as the depository for the global note, or DTC has ceased to be a clearing agency registered under the Exchange Act, and in either case we fail to appoint a successor depository;

we order in our sole discretion that such note will be transferable, registrable and exchangeable; or

an event of default with respect to the notes represented by the global note has occurred and is continuing. In those circumstances, DTC will determine in whose names any securities issued in exchange for the global note will be registered.

DTC or its nominee will be considered the sole owner and holder of the global note for all purposes, and as a result:

you cannot get notes registered in your name if they are represented by the global note;

you cannot receive certificated (physical) notes in exchange for your beneficial interest in the global note;

you will not be considered to be the owner or holder of the global note or any note it represents for any purpose; and

all payments on the global note will be made to DTC or its nominee.

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The laws of some jurisdictions require that certain kinds of purchasers (for example, certain insurance companies) can only own securities in definitive (certificated) form. These laws may limit your ability to transfer your beneficial interests in the global note to these types of purchasers.

Only institutions (such as a securities broker or dealer) that have accounts with the DTC or its nominee (called participants) and persons that may hold beneficial interests through participants (including through Euroclear Bank SA/NV or Clearstream Banking, société anonyme, as DTC participants) can own a beneficial interest in the global note. The only place where the ownership of beneficial interests in the global note will appear and the only way the transfer of those interests can be made will be on the records kept by DTC (for their participants' interests) and the records kept by those participants (for interests participants hold on behalf of other persons).

Secondary trading in bonds and notes of corporate issuers is generally settled in clearing-house (that is, next-day) funds. In contrast, beneficial interests in a global note usually trade in DTC's same-day funds settlement system, and settle in immediately available funds. We make no representations as to the effect that settlement in immediately available funds will have on trading activity in those beneficial interests.

We will make cash payments of interest on and principal of the global note to Cede, the nominee for DTC, as the registered owner of the global note. We will make these payments by wire transfer of immediately available funds on each payment date.

We have been informed that, with respect to any cash payment of interest on or principal of the global note, DTC's practice is to credit participants' accounts on the payment date with payments in amounts proportionate to their respective beneficial interests in the notes represented by the global note as shown on DTC's records, unless DTC has reason to believe that it will not receive payment on that payment date. Payments by participants to owners of beneficial interests in notes represented by the global note held through participants will be the responsibility of those participants, as is now the case with securities held for the accounts of customers registered in street name.

We also understand that neither DTC nor Cede will consent or vote with respect to the notes. We have been advised that under its usual procedures, DTC will mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede's consenting or voting rights to those participants to whose accounts the notes are credited on the record date identified in a listing attached to the omnibus proxy.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having a beneficial interest in the principal amount represented by the global note to pledge the interest to persons or entities that do not participate in the DTC book-entry system, or otherwise take actions in respect of that interest, may be affected by the lack of a physical certificate evidencing its interest.

DTC has advised us that it will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange) only at the direction of one or more participants to whose account with DTC interests in the global note are credited and only in respect of such portion of the principal amount of the notes represented by the global note as to which such participant has, or participants have, given such direction.

DTC has also advised us as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code, as amended, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between

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participants through electronic book-entry changes in accounts of its participants. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Certain of such participants (or their representatives), together with other entities, own DTC. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

The policies and procedures of DTC, which may change periodically, will apply to payments, transfers, exchanges and other matters relating to beneficial interests in the global note. We and the trustee have no responsibility or liability for any aspect of DTC s or any participants records relating to beneficial interests in the global note, including for payments made on the global note, and we and the trustee are not responsible for maintaining, supervising or reviewing any of those records.

The Trustee

The trustee for the holders of notes issued under the indenture will be The Bank of New York Mellon Trust Company, N.A., as successor to J.P. Morgan Trust Company, National Association. If an event of default with respect to the notes occurs, and is not cured, the trustee will be required to use the degree of care of a prudent person in the conduct of his or her own affairs in the exercise of its powers. Subject to these provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holders of notes, unless they have offered to the trustee reasonable security or indemnity.

The Bank of New York Mellon Trust Company, N.A. is the trustee under other indentures pursuant to which we issue debt. Pursuant to the Trust Indenture Act of 1939, if a default occurs with respect to the securities of any series, the trustee will be required to eliminate any conflicting interest as defined in the Trust Indenture Act or resign as trustee with respect to the securities of that series within 90 days of such default, unless such default were cured, duly waived or otherwise eliminated.

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SUPPLEMENTAL DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES

The notes offered under this prospectus supplement are being issued with OID for U.S. federal income tax purposes. Holders of these notes will, regardless of their method of accounting, be required to include the discount in ordinary income as interest for U.S. federal income tax purposes as it accrues in accordance with a constant yield accrual method based upon a compounding of interest, before receiving the cash to which that interest income is attributable. Under this method, the holder will be required to include in income increasingly greater amounts of discount in successive periods. The holder's tax basis in the note will be increased by the amount of OID includible in the holder's gross income as it accrues.

For a more detailed and comprehensive discussion of the tax rules governing notes that are issued with OID, investors should consult *United States Taxation Taxation of Debt Securities United States Holders Original Issue Discount* in the accompanying prospectus. Investors should read carefully the description of material U.S. federal income tax consequences of owning the debt securities under *United States Taxation Taxation of Debt Securities* in the accompanying prospectus and discuss the tax consequences of their particular situation with their tax advisor.

Recent Developments Potentially Impacting Taxation of United States Alien Holders

As part of its 2010 Fiscal Year Revenue Proposals, the Obama Administration included descriptions of legislative proposals that would, among other things, limit certain benefits currently available to certain United States alien holders who hold the notes through a non-United States intermediary that is not a qualified intermediary. The full details of these proposals have not yet been made public, although the Administration's description of these proposals generally indicates that they are not intended to disrupt ordinary and customary market transactions. It is unclear whether, or in what form, these proposals may be enacted, United States alien holders should consult their tax advisors regarding the possible implications of the Administration's proposals on their investment in the notes.

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We and the underwriters for the offering named below, for whom Deutsche Bank Securities Inc. and Goldman, Sachs & Co. are acting as representatives, have entered into an underwriting agreement with respect to the notes. Subject to certain conditions, each underwriter has severally agreed to purchase the principal amount of notes indicated in the following table.

Underwriters	Principal Amount of Notes
Deutsche Bank Securities Inc.	\$
Goldman, Sachs & Co.	
Banc of America Securities LLC	
J.P. Morgan Securities Inc.	
Zions Direct, Inc.	
Total	\$

The underwriters are committed to take and pay for all of the notes being offered, if any are taken.

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to % of the principal amount of notes. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to % of the principal amount of notes. If all the notes are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The notes are a new issue of securities with no established trading market. We have been advised by the underwriters that the underwriters intend to make a market in the notes but are 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 notes.

In connection with the offering, the underwriters may purchase and sell notes 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 underwriters of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters, as well as other purchases by the underwriters for their own accounts, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and

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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 notes to the public in that Relevant Member State, except that an offer to the public in that Relevant Member State of any such shares may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (d) in any other circumstances which do not require the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes 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 notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, 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 includes any relevant implementing measure in each Relevant Member State.

In any Relevant Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This prospectus supplement has been prepared on the basis that any offer of notes in any Relevant Member State of the EEA which has implemented the Prospectus Directive, will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make any offer within the EEA of notes which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for the Company or the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case in relation to such offer. Neither we nor the underwriters have authorized, nor do we authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the underwriters to publish or supplement a prospectus for such offer.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offers contemplated in this prospectus supplement will be deemed to have represented, warranted and agreed to and with the Company or the underwriters that:

- (a) 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
- (b) in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the notes 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,

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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 underwriters has been given to the offer or resale; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

Each underwriter has represented and agreed that:

- (a) 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 notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) 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 notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes 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 notes may not be offered or sold by means of any document other than (i) 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 (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) 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 notes 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 notes 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 notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any notes, 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 re-offering 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

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invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes 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 (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) 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 (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) 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 (b) 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 notes under Section 275 except: (1) 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; (2) where no consideration is given for the transfer; or (3) by operation of law.

We estimate that our share of the total expenses of the offering, 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.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or contribute to payments the underwriters may be required to make in respect thereof.

Certain of the underwriters and certain of their respective affiliates have performed banking, investment banking, custodial and advisory services for us and our affiliates, from time to time, for which they have received customary fees and expenses, and certain of the underwriters may provide such services for us and our affiliates in the future, for which they may receive fees and expenses. Goldman, Sachs & Co. is acting as the sales agent in connection with our common equity distribution agreement. See Summary Recent Developments.

Conflict of Interest

Zions Direct, Inc. is an affiliate of Zions Bancorporation and, as such, has a conflict of interest in this offering within the meaning of NASD Rule 2720. Consequently, the offering is being conducted in compliance with the provisions of Rule 2720. Zions Direct, Inc. is not permitted to sell the notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

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VALIDITY OF NOTES

The validity of the notes 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 underwriters.

EXPERTS

Ernst & Young LLP, 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, 2008, and the effectiveness of our internal control over financial reporting as of December 31, 2008, 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, 2008 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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Zions Bancorporation

Debt Securities

Warrants or Other Rights

Stock Purchase Contracts

Units

Common Stock

Preferred Stock

Depositary Shares

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 5 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 Board of Governors of the Federal Reserve System or any other governmental agency. Unless you are informed otherwise in the applicable prospectus supplement, these securities will not be guaranteed by the Federal Deposit Insurance Corporation pursuant to the Temporary Liquidity Guarantee Program.

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 March 31, 2009.

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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 this shelf process, Zions and the Issuer Trusts may offer and sell any combination of the securities described in this prospectus 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. We are not offering the securities in any state where the offer is prohibited. 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.

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 **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.

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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 into this prospectus the information in documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information incorporated by reference in this prospectus is considered to be automatically updated and superseded. In other words, in the case of a conflict or inconsistency between information contained in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later.

We incorporate by reference the documents listed below and any documents we file with the SEC in the future under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) until our offering is completed:

Annual Report on Form 10-K for the year ended December 31, 2008.

Current Reports on Form 8-K filed on January 23, 2009 and March 31, 2009 (except, in each case, information furnished on Form 8-K and any related exhibits).

The description of our common stock and rights set forth in our registration statement on Form 10 and Form 8-A filed pursuant to Section 12 of the Exchange Act, including any amendment or report filed with the SEC for the purpose of updating such descriptions.

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

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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 our 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, expect, 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:

our ability to successfully execute our business plans, manage our risks, and achieve our objectives;

changes in political and economic conditions, including the political and economic effects of 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 we conduct our operations, including without limitation, changes in 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 our 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, claims and assessments;

changes in fiscal, monetary, regulatory, trade and tax policies and laws, including policies of the U.S. Department of Treasury and the Federal Reserve Board;

our participation or lack of participation in governmental programs implemented under the Emergency Economic Stabilization Act (EESA) and the American Recovery and Reinvestment Act (ARRA), including without limitation the Troubled Asset Relief

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Program, the Capital Purchase Program, the Temporary Liquidity Guarantee Program and the Capital Assistance Program and the impact of such programs and related regulations on us and on international, national, and local economic and financial markets and conditions;

the impact of the EESA and the ARRA and related rules and regulations on the business operations and competitiveness of Zions and other participating American financial institutions, including the impact of the executive compensation limits of these acts, which may impact the ability of Zions and other American financial institutions to retain and recruit executives and other personnel necessary for their businesses and competitiveness;

the impact of certain provisions of the EESA and ARRA and related rules and regulations on the attractiveness of governmental programs to mitigate the effects of the current economic crisis, including the risks that certain financial institutions may elect not to participate in such programs, thereby decreasing the effectiveness of such programs;

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continuing consolidation in the financial services industry;

new litigation or changes in existing litigation;

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;

demand for financial services in our market areas;

inflation and deflation;

technological changes and our implementation of new technologies;

our ability to develop and maintain secure and reliable information technology systems;

legislation or regulatory changes which adversely affect our operations or business;

our 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 Federal Deposit Insurance Corporation insurance coverage levels. We specifically disclaim any obligation to update any factors or to publicly announce the result of revisions to any of the forward-looking statements, including the information incorporated by reference, to reflect future events or developments.

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RISK FACTORS

We have included discussions of cautionary factors describing risks relating to our business and an investment in our securities in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this prospectus. See [Where You Can Find More Information](#) for an explanation of how to get a copy of this report. Additional risks related to our securities may also be described in a prospectus supplement. Before purchasing our securities, you should carefully consider the risk factors we describe in any prospectus supplement or in any report incorporated by reference into this prospectus or such prospectus supplement, including our Annual Report on Form 10-K for the year ended December 31, 2008. Although we discuss key risks in those risk factor descriptions, additional risks not currently known to us or that we currently deem immaterial also may impair our business. Our subsequent filings with the SEC may contain amended and updated discussions of significant risks. We cannot predict future risks or estimate the extent to which they may affect our financial performance.

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USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement for any offering of securities, the net proceeds we receive from the sale of these securities will be used for general corporate purposes, which may include:

funding investments in, or extensions of credit to, our subsidiaries;

funding investments in non-affiliates;

reducing or refinancing debt;

redeeming outstanding securities;

financing possible acquisitions; and

working capital.

Pending such use, we may temporarily invest net proceeds. We will disclose any proposal to use the net proceeds from any offering of securities in connection with an acquisition in the prospectus supplement relating to such offering.

Each Issuer Trust will use the proceeds from any offering of capital securities to purchase the corresponding junior subordinated debentures issued by us. We expect to use the net proceeds from the sale of the subordinated debt securities to the Issuer Trusts as described above.

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DESCRIPTION OF DEBT SECURITIES WE MAY OFFER

*Please note that in this section entitled **Description of Debt Securities We May Offer**, references to **Zions**, **we**, **our** and **us** refer only to **Zions Bancorporation** and not to its consolidated subsidiaries. Also, in this section, references to **holders** mean those who own debt securities registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in debt securities registered in street name or in debt securities issued in book-entry form through one or more depositaries. Owners of beneficial interests in the debt securities should also read the section entitled **Legal Ownership and Book-Entry Issuance**.*

*The following description summarizes the material provisions of the senior indenture, the subordinated indenture and the debt securities to be issued under these indentures. This description is not complete and is subject to, and is qualified in its entirety by reference to, the indenture under which the debt securities are issued and the Trust Indenture Act of 1939, as amended (the **Trust Indenture Act**). The specific terms of any series of debt securities will be described in the applicable prospectus supplement, and may differ from the general description of the terms presented below. The senior indenture and the subordinated indenture have been filed as exhibits to the registration statement of which this prospectus forms a part. Whenever particular defined terms of the senior indenture or the subordinated indenture, each as supplemented or amended from time to time, are referred to in this prospectus or a prospectus supplement, those defined terms are incorporated in this prospectus or such prospectus supplement by reference.*

Debt Securities May Be Senior or Subordinated

We may issue senior or subordinated debt securities. Unless we specify otherwise in the applicable prospectus supplement, neither the senior debt securities nor the subordinated debt securities will be secured by any property or assets of ours or of our subsidiaries. If you own an unsecured debt security, you are one of our unsecured creditors.

The senior debt securities and, in the case of senior debt securities in bearer form, any related interest coupons, will constitute part of our senior indebtedness, will be issued under the senior debt indenture described below and will rank on a parity with all of our other unsubordinated debt (except to the extent such other indebtedness is secured by collateral that does not also secure the senior debt securities offered by this prospectus).

The subordinated debt securities and, in the case of subordinated debt securities in bearer form, any related interest coupons, will constitute part of our subordinated debt, will be issued under the subordinated debt indenture described below and will be subordinate in right of payment to all of our senior indebtedness, as defined below under **Subordination Provisions**. Upon the occurrence of certain events of insolvency, the subordinated debt securities will be contractually subordinated to the prior payment in full of our general obligations, as defined under **Subordination Provisions**.

Neither indenture limits our ability to incur additional secured or unsecured senior or subordinated indebtedness.

When we use the terms **debt security** or **debt securities** in this description, we mean either the senior debt securities or the subordinated debt securities.

We Are A Holding Company

We are a holding company and a legal entity separate and distinct from our subsidiaries, and our right to participate in any distribution of assets of any subsidiary upon its liquidation, reorganization or otherwise, and the ability of holders of debt securities to benefit indirectly from such distribution, is subject to superior claims.

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Accordingly, our senior debt securities and subordinated debt securities will be structurally subordinated to all indebtedness and other liabilities, including trade payables and lease obligations, of each of our subsidiaries, except to the extent we may be a creditor of that subsidiary with recognized senior claims. Claims on our subsidiary banks by creditors other than us include long-term debt, including subordinated and junior subordinated debt issued by our subsidiary, Amegy Corporation, and substantial obligations with respect to deposit liabilities and federal funds purchased, securities sold under repurchase agreements, other short-term borrowings and various other financial obligations. If we are entitled to participate in any assets of any of our subsidiaries upon the liquidation or reorganization of the subsidiary, the rights of holders of the senior debt securities and subordinated debt securities with respect to those assets will be subject to the contractual subordination of the subordinated debt securities.

The Senior Debt Indenture and the Subordinated Debt Indenture

The senior debt securities are governed by the senior debt indenture, and the subordinated debt securities are governed by the subordinated debt indenture. Each indenture is a contract between us and The Bank of New York Mellon Trust Company, N.A., as successor to J.P. Morgan Trust Company, National Association, as trustee, which indenture may be supplemented from time to time as provided therein. The indentures are substantially identical, except for our covenants described under [Restriction on Sale or Issuance of Capital Stock of Major Constituent Banks](#), which are included only in the senior debt indenture, the provisions relating to subordination, which are included only in the subordinated debt indenture, and the provisions relating to defaults and events of default.

The trustee under each indenture has two main roles:

first, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, which we describe later under [Events of Default and Defaults](#);

second, the trustee performs administrative duties for us, such as sending you interest payments and notices. See [Our Relationship with the Trustee](#) below for more information about the trustee.

When we refer to the indenture or the trustee with respect to any debt securities, we mean the indenture under which those debt securities are issued and the trustee under that indenture.

We May Issue Many Debt Securities or Series of Debt Securities

We may issue as many debt securities or distinct series of debt securities under either indenture as we wish. This section summarizes terms of the debt securities that apply generally to all debt securities or series of debt securities. The provisions of each indenture allow us not only to issue debt securities with terms different from those of debt securities previously issued under that indenture, but also to reopen previously issued debt securities and issue additional debt securities of the same series as such debt securities, with the same CUSIP number, stated maturity, interest payment dates, if any, and other terms, except for the date of issuance and issue price. We will describe the financial and other specific terms of your debt securities in the applicable prospectus supplement. Those terms may vary from the terms described here.

As you read this section, please remember that the specific terms of your debt security as described in your prospectus supplement will supplement and, if applicable, may modify or replace the general terms described in this section. The statements we make in this section may not apply to your debt security.

When we refer to a series of debt securities, we mean a series issued under the applicable indenture. When we refer to your prospectus supplement, we mean the prospectus supplement describing the specific terms of the debt security you purchase.

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Amounts That We May Issue

Neither indenture limits the aggregate amount of debt securities that we may issue, whether secured or unsecured, or the number of series or the aggregate amount of any particular series of debt securities. We may issue debt securities, as well as increase the total authorized amount, at any time without your consent and without notifying you.

In addition, we have issued and have outstanding, and may in the future issue, junior subordinated debentures to certain financing trust affiliates, which will issue capital securities guaranteed by us on the same subordinated basis as the junior subordinated debentures. The junior subordinated debentures and related guarantees generally rank junior to the subordinated debt securities. The terms debt securities, senior debt securities and subordinated debt securities do not include the junior subordinated debentures or related guarantees.

We are not subject to financial or similar restrictions by the terms of the debt securities, except as described under **Restriction on Sale or Issuance of Capital Stock of Major Constituent Banks** below. The indentures do not contain any covenants designed to afford holders of debt securities protection in the event of a highly leveraged transaction involving us.

Principal Amount, Stated Maturity and Maturity

Unless otherwise specified in the applicable prospectus supplement, the principal amount of a debt security means the principal amount payable at its stated maturity, unless such amount is not determinable, in which case the principal amount of a debt security is its face amount.

The term **stated maturity** with respect to any debt security means the day on which the principal amount of your debt security is scheduled to become due. The principal of your debt security may become due sooner, by reason of redemption or acceleration after an event of default or otherwise in accordance with the terms of your debt security. The day on which the principal of your debt security actually becomes due, whether at the stated maturity or otherwise, is called the maturity of the principal.

We also use the terms **stated maturity** and **maturity** to refer to the days when other payments become due. For example, we may refer to a regular interest payment date when an installment of interest is scheduled to become due as the **stated maturity** of that installment. When we refer to the **stated maturity** or the **maturity** of a debt security without specifying a particular payment, we mean the stated maturity or maturity, as the case may be, of the principal.

Governing Law

The indentures are, and the debt securities will be, governed by New York law.

Currency of Debt Securities

Unless otherwise specified in the applicable prospectus supplement, amounts that become due and payable on your debt security will be payable in U.S. dollars. You will have to pay for your debt securities by delivering the requisite amount for the principal, in U.S. dollars or other specified currency, to the underwriter or dealer that we name in the prospectus supplement related to your debt securities, unless other arrangements have been made between you and us or you and that dealer.

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Types of Debt Securities

We may issue any of the three types of senior debt securities or subordinated debt securities described below. A debt security may have elements of each of the three types of debt securities described below. For example, a debt security may bear interest at a fixed rate for some periods and at a floating rate in others. Similarly, a debt security may provide for a payment of principal at maturity linked to an index and also bear interest at a fixed or floating rate.

Fixed Rate Debt Securities

A debt security of this type will bear interest at a fixed rate described in the applicable prospectus supplement. This type includes zero coupon debt securities, which bear no interest and are instead issued at a price lower than the principal amount. See Original Issue Discount Debt Securities below for more information about zero coupon and other original issue discount debt securities.

Each fixed rate debt security, except any zero coupon debt security, will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a fixed rate debt security at the fixed rate per annum stated in the applicable prospectus supplement, until the principal is paid or made available for payment. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been paid, or made available for payment, to but excluding the interest payment date or the date of maturity. We will compute interest on fixed rate debt securities on the basis of a 360-day year of twelve 30-day months (30/360 (ISDA) day count convention). We will pay interest on each interest payment date and at maturity as described below under Payment Mechanics for Debt Securities in Registered Form.

If your debt security is a zero coupon debt security, the applicable prospectus supplement may specify the original issue discount and the information necessary to determine the accreted value. The accreted value will be (1) as of any date prior to the stated maturity, an amount equal to the sum of (A) the original issue price of your debt security and (B) the portion of the excess of the principal amount of your debt security over the original issue price that shall have been accreted from the original issue price on a daily basis and compounded annually on a date specified in the applicable prospectus supplement, up to and including the stated maturity, at a rate that will be specified in the applicable prospectus supplement from the original issue date, computed on the basis of a 360-day year of twelve 30-day months (30/360 (ISDA) day count convention); and (2) as of any date on or after the stated maturity, the principal amount of your debt security.

Floating Rate Debt Securities

A debt security of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. If your debt security is a floating rate debt security, the formula and any adjustments that apply to the interest rate will be specified in your prospectus supplement.

Each floating rate debt security will bear interest from its original issue date or from the most recent date to which interest on your debt security has been paid or made available for payment. Interest will accrue on the principal of a floating rate debt security at a rate per annum determined according to the interest rate formula stated in the applicable prospectus supplement, until the principal is paid or made available for payment. We will pay interest on each interest payment date and at maturity as described below under Payment Mechanics for Debt Securities in Registered Form.

Calculation Agent. Calculations relating to floating rate debt securities will be made by the calculation agent, an institution that we appoint as our agent for this purpose. That institution may include any affiliate of

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ours, such as Zions First National Bank. The prospectus supplement for a particular floating rate debt security will name the institution that we have appointed to act as the calculation agent for that debt security as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the debt security without your consent and without notifying you of the change. Absent manifest error, all determinations of the calculation agent will be final and binding on you and us, without any liability on the part of the calculation agent.

Calculation of Interest. For each floating rate debt security, the calculation agent will determine, on the corresponding interest calculation or interest determination date, as described in the applicable prospectus supplement, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period i.e., the period from and including an interest payment date (or with respect to the initial interest period, the original issue date) to but excluding the next succeeding interest payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face amount of the floating rate debt security by an accrued interest factor for the interest period. Unless we specify otherwise in the applicable prospectus supplement, this factor will be equal to the number of days in the applicable interest period divided by 360 (Actual/360 (ISDA) day count convention).

Upon the request of the holder of any floating rate debt security, the calculation agent will provide for that debt security the interest rate then in effect, and, if determined, the interest rate that will become effective on the next interest reset date.

All percentages resulting from any calculation relating to any debt security will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate debt security will be rounded upward or downward, as appropriate, to the nearest cent, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the base rate that applies to a floating rate debt security during a particular interest period, the calculation agent may obtain rate quotes from various reference banks or dealers active in the relevant market, as described in the applicable prospectus supplement. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any underwriter, dealer or agent participating in the distribution of the relevant floating rate debt securities and its affiliates, and they may include our affiliates.

Indexed Debt Securities

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

securities of one or more issuers;

one or more currencies;

one or more commodities;

any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance;

one or more indices; and/or

one or more baskets of the items described above.

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An indexed debt security may provide either for cash settlement or for physical settlement by delivery of the underlying security or another property of the type listed above. An indexed debt security may also provide that the form of settlement may be determined at our option or at the holder's option. Some indexed debt securities may be exchangeable, at our option or the holder's option, for securities of an issuer other than us.

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If you purchase an indexed debt security, your prospectus supplement will include information about the relevant index or indices, about how amounts that are to become payable will be determined by reference to the price or value of that index and about the terms on which the security may be settled physically or in cash. Your prospectus supplement will also identify the calculation agent that will calculate the amounts payable with respect to the indexed debt security and will have sole discretion in doing so. The calculation agent may be one of our affiliates. See [Considerations Relating to Indexed Securities](#) for more information about risks of investing in debt securities of this type.

Original Issue Discount Debt Securities

A fixed rate debt security, a floating rate debt security or an indexed debt security may be an original issue discount debt security. A debt security of this type is issued at a price lower than its principal amount and may provide that, upon redemption or acceleration of its maturity, an amount less than its principal amount may be payable. An original issue discount debt security may be a zero coupon debt security. A debt security issued at a discount to its principal may, for U.S. federal income tax purposes, be considered an original issue discount debt security, regardless of the amount payable upon redemption or acceleration of maturity. See [United States Taxation Taxation of Debt Securities United States Holders Original Issue Discount](#) below for a brief description of the U.S. federal income tax consequences of owning an original issue discount debt security.

Form of Debt Securities

We will issue each debt security in global i.e., book-entry form only, unless we specify otherwise in the applicable prospectus supplement. Debt securities in book-entry form will be represented by a global security registered in the name of a depository, which will be the holder of all the debt securities represented by the global security. Those who own beneficial interests in a global debt security will do so through participants in the depository's securities clearing system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depository and its participants. We describe book-entry securities under [Legal Ownership and Book-Entry Issuance](#).

In addition, we will issue each debt security in registered form, without coupons, unless the conditions for issuance of bearer securities described under [Securities Issued in Bearer Form](#) are met and we choose to issue the debt security in bearer form. We describe bearer securities under [Securities Issued in Bearer Form](#). As we note in that section, some of the features that we describe in this section entitled [Description of Debt Securities We May Offer](#) may not apply to bearer securities.

Information in Your Prospectus Supplement

Your prospectus supplement will describe the specific terms of your debt security, which will include some or all of the following, as applicable:

whether it is a senior debt security or a subordinated debt security;

the aggregate principal amount of your debt security or the debt securities of the same series, as applicable;

the stated maturity;

the specified currency or currencies for principal and interest and, if the specified currency is not U.S. dollars, certain other terms relating to your debt security;

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

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whether your debt security is a fixed rate debt security, a floating rate debt security or an indexed debt security or any combination thereof and also whether it is an original issue discount debt security;

if your debt security is a fixed rate debt security, the rate per annum at which your debt security will bear interest, if any, and the interest payment dates;

if your debt security is a floating rate debt security, the interest rate basis; any applicable index currency or index maturity, spread or spread multiplier or initial base rate, maximum or minimum rate; the interest reset, determination, calculation and payment dates; the day count convention used to calculate interest payments; and the calculation agent;

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

if your debt security is an indexed debt security, the principal amount, if any, we will pay you at maturity, the amount of interest, if any, we will pay you on an interest payment date or the formula we will use to calculate these amounts, if any, and the terms on which your debt security will be exchangeable for or payable in cash, securities or other property;

if your debt security may be converted into or exercised or exchanged for common stock or preferred stock or other securities of Zions Bancorporation or debt or equity securities of one or more third parties, the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the holder or at our option, the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of common stock or preferred stock or other securities issuable upon conversion, exercise or exchange may be adjusted;

the circumstances under which your debt security may be redeemed at our option or repaid at the holder's option before the stated maturity including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s);

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

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

if your debt security will be issued in bearer form, any special provisions relating to bearer securities that are not addressed in this prospectus;

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

the names and duties of any co-trustees, depositaries, authenticating agents, paying agents, transfer agents or registrars for your debt securities;

the terms and conditions, if any, pursuant to which the debt securities of a series are secured; and

any other terms of your debt security which could be different from those described in this prospectus.

Your prospectus supplement will summarize specific financial and other terms of your debt security, while this prospectus describes terms that apply generally to all the debt securities. Consequently, the terms described in your prospectus supplement will supplement those described in this prospectus and, if the terms described there are inconsistent with those described here, the terms described there will be controlling. The terms used in your prospectus supplement have the meanings described in this prospectus, unless otherwise specified.

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Redemption and Repayment

Unless otherwise indicated in your prospectus supplement, your debt security will not be entitled to the benefit of any sinking fund that is, we will not deposit money on a regular basis into any separate custodial account to repay your debt securities. In addition, we will not be entitled to redeem your debt security before its stated maturity unless your prospectus supplement specifies a redemption commencement date. You will not be entitled to require us to buy your debt security from you, before its stated maturity, unless your prospectus supplement specifies one or more repayment dates.

If your prospectus supplement specifies a redemption commencement date or a repayment date, it will also specify one or more redemption prices or repayment prices, which may be expressed as a percentage of the principal amount of your debt security. It may also specify one or more redemption periods during which the redemption prices relating to a redemption of debt securities during those periods will apply.

If your prospectus supplement specifies a redemption commencement date, your debt security will be redeemable at our option at any time on or after that date or at a specified time or times. If we redeem your debt security, we will do so at the specified redemption price, together with interest accrued to but excluding the redemption date. If different prices are specified for different redemption periods, the price we pay will be the price that applies to the redemption period during which your debt security is redeemed.

If your prospectus supplement specifies a repayment date, your debt security will be repayable at your option on the specified repayment date at the specified repayment price, together with interest accrued to but excluding the repayment date.

If we exercise an option to redeem any debt security, we will give to the trustee and the holder written notice of the principal amount of the debt security to be redeemed, not less than 30 days nor more than 60 days before the applicable redemption date. We will give the notice in the manner described below in Notices.

If a debt security represented by a global debt security is subject to repayment at the holder's option, the depository or its nominee, as the holder, will be the only person that can exercise the right to repayment. Any indirect owners who own beneficial interests in the global debt security and wish to exercise a repayment right must give proper and timely instructions to their banks or brokers through which they hold their interests, requesting that they notify the depository to exercise the repayment right on their behalf. Different firms have different deadlines for accepting instructions from their customers, and you should take care to act promptly enough to ensure that your request is given effect by the depository before the applicable deadline for exercise.

Street name and other indirect owners should contact their banks or brokers for information about how to exercise a repayment right in a timely manner.

We or our affiliates may purchase debt securities from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Debt securities that we or they purchase may, at our discretion, be held, resold or canceled.

Mergers and Similar Transactions

We are generally permitted to merge or consolidate with another corporation or other entity. We are also permitted to sell our assets substantially as an entirety to another corporation or other entity or to have another entity sell its assets substantially as an entirety to us. With regard to any series of debt securities, however, we may not take any of these actions unless all of the following conditions are met:

if we are not the successor entity, the person formed by the consolidation or into or with which we merge or the person to which our properties and assets are conveyed, transferred or leased must be an entity organized and existing under the laws of the United States, any state or the District of Columbia

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and must expressly assume the due and punctual payment of the principal of, any premium, and interest on the debt securities of that series and the performance of our other covenants under the relevant indenture;

immediately after giving effect to that transaction, no default or event of default under the debt securities of that series, and no event which, after notice or lapse of time or both, would become a default or an event of default under the debt securities of that series, has occurred and is continuing; and

an officer's certificate and legal opinion relating to these conditions must be delivered to the trustee.

If the conditions described above are satisfied with respect to the debt securities of any series, we will not need to obtain the approval of the holders of those debt securities in order to merge or consolidate or to sell our assets. Also, these conditions will apply only if we wish to merge or consolidate with another entity or sell our assets substantially as an entirety to another entity or to acquire the assets of another entity substantially as an entirety. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another entity, any merger of another entity with one of our subsidiaries, any transaction that involves a change of control of us but in which we do not merge or consolidate and any transaction in which we sell less than substantially all our assets.

Also, if we merge, consolidate or sell our assets substantially as an entirety and the successor is a non-U.S. entity, neither we nor any successor would have any obligation to compensate you for any resulting adverse tax consequences relating to your debt securities.

Subordination Provisions

The subordinated debt securities are subordinated in right of payment to the prior payment in full of all of our senior indebtedness and, under specified circumstances, to our general obligations. This means that, in certain circumstances where we may not be making payments on all of our debt obligations as they become due, the holders of all of our senior indebtedness and general obligations will be entitled to receive payment in full of all amounts due or to become due to them before the holders of the subordinated debt securities will be entitled to receive any amounts under the subordinated debt securities. These circumstances include when we make a payment or distribute assets to creditors upon our liquidation, dissolution, winding up or reorganization.

These subordination provisions mean that if we are insolvent, a direct holder of our senior indebtedness may ultimately receive out of our assets more than a holder of the same amount of subordinated debt securities, and a senior creditor of ours that is owed a specific amount may ultimately receive more than a holder of the same amount of subordinated debt securities. The subordinated debt indenture does not limit our ability to incur senior or subordinated indebtedness or general obligations, including indebtedness ranking on an equal basis with the subordinated debt securities.

The subordinated debt indenture provides that, unless all principal of and any premium or interest on senior indebtedness has been paid in full, no payment or other distribution may be made in respect of any subordinated debt securities in the following circumstances:

in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization, assignment for the benefit of creditors or other similar proceedings or events involving us or our assets;

(a) in the event and during the continuation of any default in the payment of principal, premium or interest on any senior indebtedness beyond any applicable grace period or (b) in the event that any judicial proceeding is pending with respect to any such default; or

in the event that any subordinated debt securities have been declared due and payable before their stated maturity.

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If the trustee under the subordinated debt indenture or any holders of the subordinated debt securities receive any payment or distribution that is prohibited under the subordination provisions, and if this fact is made known to the trustee or holders at or prior to the time of such payment or distribution, then the trustee or the holders will have to repay that money to us.

Further, in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization, assignment for the benefit of creditors or other similar proceedings or events involving us or our assets, any creditors in respect of general obligations, which we define below, will be entitled to receive payment in full of all amounts due or to become due on or in respect of such general obligations after payment in full to the holders of senior indebtedness, before any amount is made available for payment or distribution to the holders of any subordinated debt security. However, upon the occurrence of a termination event, which we define below, such subordination to the creditors in respect of general obligations will become null and void and have no further effect.

Even if the subordination provisions prevent us from making any payment when due on the subordinated debt securities of any series, we will be in default on our obligations under that series if we do not make the payment when due. This means that the trustee under the subordinated debt indenture and the holders of that series can take action against us, but they will not receive any money until the claims of the holders of senior indebtedness have been fully satisfied.

The subordinated debt indenture allows the holders of senior indebtedness to obtain a court order requiring us and any holder of subordinated debt securities to comply with the subordination provisions.

The subordinated debt indenture defines senior indebtedness as:

the principal of, and premium, if any, and interest in respect of our indebtedness for purchased or borrowed money, whether or not evidenced by securities, notes, debentures, bonds or other similar instruments issued by us;

all our capital lease obligations;

	2013	409,124		117,346	164,471	0	36,487	1,165,428		
		438,000		396,949		147,337	203,591	241,307	54,727	1,481,911
Fred D. Bauer	2015		388,000		288,256	69,425	163,402	174,094	43,902	1,127,07
	2014		376,700		298,006	84,936	115,338	45,525	33,465	953,97
Vice President General										
Counsel & Secretary	2013		365,700		290,567	107,620	150,152	89,117	54,786	1,057,94
Todd A. Barlett	2015		336,000		254,063	61,817	146,842	230,050	33,955	1,062,72
	2014		320,000		252,544	73,760	92,432	0	22,844	761,58
Vice President										
Acquisitions and Global										
Business Development	2013		305,000		229,172	84,559	106,328	143,555	38,038	906,65
Kurt W. Loring	2015		293,308		469,839	284,358	135,479	0	11,675	1,194,65
Vice President										

Chief								
Human Resources Officer								
Carl E. Will	2015	245,615	332,230	80,838	0	0	240,037	898,72
Former Chief Commercial Officer	2014	377,011	343,468	98,347	138,648	0	17,424	974,89

(1) Amounts represent the aggregate grant date fair value of awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used to determine the awards' grant date fair values are described in the notes to Applied's consolidated financial statements, included in our annual reports to shareholders for those years. The 2015 awards are described in the Compensation Discussion and Analysis at pages 19-21 and the Grants of Plan-Based Awards table at page 28. The amounts reported for 2015 in the Stock Awards column are totals of the following:

Name	RSUs (\$)	Performance Shares (\$)
N. Schrimsher	470,784	994,908
M. Eisele	127,504	268,235
F. Bauer	93,176	195,080
T. Barlett	83,368	170,695
K. Loring	299,144	170,695
C. Will	107,888	224,342

The RSUs include annual grants as well as one-time RSUs awarded to Mr. Loring to induce him to join Applied. Similarly, the Option Awards column above includes annual SARs grants and one-time inducement SARs awarded to Mr. Loring.

Due to his separation from service, Mr. Will's awards reflected in the Stock Awards and Option Awards columns (except for one-quarter of the 2014 SARs awards) were forfeited.

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Performance shares grant date fair values assume performance at the target achievement level. If instead it was assumed that the highest level of performance would be achieved, then the grant date fair values would be twice the amounts reported for the performance shares.

(2) Amounts shown reflect Management Incentive Plan earnings.

(3) Messrs. Barlett, Bauer, and Eisele participated in the Supplemental Executive Retirement Benefits Plan, a nonqualified defined benefit plan that was frozen in 2012. The amounts in this column reflect increases in the estimated actuarial present values of their historical accrued benefits. Messrs. Barlett and Eisele are fully vested in their benefits and Mr. Bauer is partially vested.

The 2015 figure is the difference between the number shown in the Pension Benefits table on page 33 for 2015 year-end and the same item calculated for July 1, 2014. See the notes to that table for information regarding how estimated amounts were calculated. In 2014, the present values of the benefits for Messrs. Barlett and Eisele decreased by \$14,897 and \$12,817, respectively, but, pursuant to SEC rule, the changes in value are shown as \$0.

In 2012, the Committee stopped the accrual of additional plan benefits by virtue of years of service and compensation levels. Accordingly, the values in this column relate to changes in the discount rate and the components of the three-segment interest rate structure, as well as to mortality factor adjustments, as described below.

The SERP uses interest rates and mortality tables imposed on tax-qualified pension plans by Code section 417(e). Values for 2015 reflect a 3.00% discount rate and a three-segment interest rate structure in effect for January 2015, with 1.33% for the first five years, 3.46% for the next 15 years, and 4.40% thereafter.

Values for 2014 reflect a 2.75% discount rate and a three-segment interest rate structure in effect for January 2014, with 1.24% for the first five years, 4.42% for the next 15 years, and 5.40% thereafter. Values for 2013 reflect a 3.00% discount rate and a three-segment interest rate structure in effect for January 2013, with 1.00% for the first five years, 3.73% for the next 15 years, and 4.89% thereafter.

In addition, in each successive year, the mortality table reflected adjustments pursuant to Code section 417(e). Present values were determined assuming no probability of termination, retirement, death, or disability before normal retirement age (age 65).

(4) Amounts in this column for 2015 are totals of the following:

- Retirement Savings Plan (section 401(k) plan) contributions,
- KERP account credits,
- Company contributions for executive life insurance, for a \$300,000 benefit,
- Estimated values of perquisites and other personal benefits, and
- For Mr. Will, severance pay.

The following perquisites and other personal benefits were provided in 2015 to named executive officers: in relation to Mr. Will's separation from service, a payout for unused accrued vacation, four months of company-paid health care coverage, and outplacement services; the annual expense related to post-retirement health care coverage for Messrs. Schrimsher, Eisele, Bauer, and Barlett; and company contributions for officer-level accident insurance benefits. No perquisite or personal benefit exceeded the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits for a named executive officer in 2015, except that Mr. Will received a \$39,615 payout for unused accrued vacation and the annual expense incurred relating to Mr. Schrimsher's post-retirement health care coverage was \$25,800.

The following table itemizes All Other Compensation for 2015:

Name	Key Executive				
	Retirement Savings	Restoration Plan	Life Insurance	Perquisites and Other	
	Plan Contributions	Account Credits	Benefits	Personal Benefits	Severance Pay
	(\$)	(\$)	(\$)	(\$)	(\$)
N. Schrimsher	7,181	121,312	456	25,853	0

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M. Eisele	5,825	32,830	1,084	5,953	0
F. Bauer	5,552	26,048	449	11,853	0
T. Barlett	5,329	21,427	1,346	5,853	0
K. Loring	4,030	7,371	221	53	0
C. Will	2,186	38,575	222	59,054	140,000

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In 2015, the Executive Organization & Compensation Committee provided the following incentive opportunities and grants under the 2011 Long-Term Performance Plan to the named executive officers:

Name	Grant Date	Estimated Future Payouts Under						All Other Awards: Stock Awards: Number of Securities	All Other Option Awards: Number of Underlying Awards (\$/Share)	Grant Date	Fair Value of Stock and Option Awards (\$)
		Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)						
		Threshold	Target	Maximum	Threshold	Target	Maximum	Number of Units (#) (3)	Options (#)		
N. Schrimsher	8/12/2014							9,600			470,784
	8/12/2014								37,500	49.04	356,636
	8/12/2014				10,200	20,400	40,800				
	(Performance Shares)										
	8/12/2014	410,000	820,000	1,640,000							
M. Eisele	(Management Incentive Plan)										
	8/12/2014							2,600			127,504
	8/12/2014								10,100	49.04	96,054
	8/12/2014				2,750	5,500	11,000				
	(Performance Shares)										
8/12/2014	146,738	293,475	586,950								
F. Bauer	(Management Incentive Plan)										
	8/12/2014							1,900			93,176
	8/12/2014								7,300	49.04	69,425
	8/12/2014				2,000	4,000	8,000				
	(Performance Shares)										
8/12/2014	102,820	205,640	411,280								
T. Barlett	(Management Incentive Plan)										
	8/12/2014							1,700			83,368
	8/12/2014								6,500	49.04	61,817
	8/12/2014				1,750	3,500	7,000				
	(Performance Shares)										

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8/12/2014 92,400 184,800 369,600

(Management
Incentive Plan)

K. Loring (5)	8/12/2014					6,100			299,144
	8/12/2014						29,900	49.04	284,358
	8/12/2014		1,750	3,500	7,000				

(Performance
Shares)

8/12/2014 85,250 170,500 341,000

(Management
Incentive Plan)

C. Will (6)	8/12/2014					2,200			107,888
	8/12/2014						8,500	49.04	80,838
	8/12/2014		2,300	4,600	9,200				

(Performance
Shares)

8/12/2014 123,600 247,200 494,400

(Management
Incentive Plan)

- (1) The 2015 Management Incentive Plan is described in the Compensation Discussion and Analysis at pages 18-19. Payouts under the plan are shown in the column marked "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table.
- (2) The 2015-2017 performance shares program is described in the Compensation Discussion and Analysis at pages 20-21.
- (3) RSUs are described in the Compensation Discussion and Analysis at page 20.
- (4) SARs are described in the Compensation Discussion and Analysis at page 20. Their base price is our stock's closing price on the NYSE on the grant date.
- (5) Mr. Loring's figures include 23,500 SARs and 4,500 RSUs (which vest 25% on each of the first through fourth anniversaries of the grant date) awarded pursuant to the company's offer to induce him to join Applied.
- (6) Due to his separation from service, Mr. Will's awards were forfeited.

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Outstanding Equity Awards at Fiscal 2015 Year-End

The following table presents information regarding the named executive officers' outstanding SARs, RSUs, and performance shares at June 30, 2015. Mr. Will had no remaining awards on that date.

Name	Option Awards				Stock Awards			Equity Incentive
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$/Share)	Option Expiration Date	Number of Units of Stock That Have Not Vested (#)	Market Value of Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested (\$)
N. Schrimsher	20,700	6,900 (1)	32.30	10/25/2021				
	60,000	0	32.30	10/25/2021				
	17,200	17,200 (2)	41.29	8/9/2022				
	8,750	26,250 (3)	50.74	8/13/2023				
	0	37,500 (4)	49.04	8/12/2024				
					9,300 (5)	368,745	5,221 (6)	207,013
				8,600 (7)	340,990	13,794 (8)	546,932	
				9,600 (9)	380,640	19,115 (10)	757,910	
M. Eisele	17,100	0	25.44	8/9/2017				
	18,800	0	29.41	8/8/2018				
	4,625	0	21.11	9/10/2019				
	13,000	0	29.27	9/3/2020				
	9,075	3,025 (11)	26.96	8/9/2021				
	5,750	5,750 (2)	41.29	8/9/2022				
	2,625	7,875 (3)	50.74	8/13/2023				
	0	10,100 (4)	49.04	8/12/2024				
				3,100 (5)	122,915	1,740 (6)	68,991	
				2,600 (7)	103,090	4,168 (8)	165,261	
				2,600 (9)	103,090	5,153 (10)	204,316	
F. Bauer	13,700	0	29.41	8/8/2018				
	13,500	0	21.11	9/10/2019				
	9,500	0	29.27	9/3/2020				
	6,600	2,200 (11)	26.96	8/9/2021				
	4,200	4,200 (2)	41.29	8/9/2022				
	1,900	5,700 (3)	50.74	8/13/2023				
	0	7,300 (4)	49.04	8/12/2024				
					2,300 (5)	91,195	1,266 (6)	50,197
				1,900 (7)	75,335	3,031 (8)	120,179	
				1,900 (9)	75,335	3,748 (10)	148,608	
T. Barlett	9,300	0	21.11	9/10/2019				
	7,300	0	29.27	9/3/2020				
	5,100	1,700 (11)	26.96	8/9/2021				
	3,300	3,300 (2)	41.29	8/9/2022				
	1,650	4,950 (3)	50.74	8/13/2023				
	0	6,500 (4)	49.04	8/12/2024				
					1,800 (5)	71,370	1,002 (6)	39,729
					1,600 (7)	63,440	2,577 (8)	102,178
				1,700 (9)	67,405	3,279 (10)	130,012	
K. Loring	0	29,900 (4)	49.04	8/12/2024				
					6,100 (9)	241,865	3,279 (10)	130,012

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- (1) These SARs vest on October 25, 2015.
- (2) Half of these SARs vested on August 9, 2015. The remaining SARs vest on August 9, 2016.
- (3) One third of these SARs vested on August 13, 2015. The remaining SARs vest in equal increments on August 13, 2016 and 2017.
- (4) One quarter of these SARs vested on August 12, 2015. The remaining SARs vest in equal increments on August 12, 2016, 2017, and 2018.
- (5) These RSUs vested on August 9, 2015.
- (6) These awards are the 2013-2015 performance shares described in the Compensation Discussion and Analysis at page 22. The performance period ended on June 30, 2015 and performance for the final year was certified on August 11, 2015.
- (7) These RSUs vest on August 13, 2016.
- (8) These awards are the 2014-2016 performance shares described in the Compensation Discussion and Analysis at page 21-22. The performance period ends on June 30, 2016. The amounts shown include performance shares banked for 2014 and 2015, and targeted for 2016.
- (9) These RSUs vest on August 12, 2017 except, for Mr. Loring's holdings, 1,125 RSUs vest on each of August 12, 2015, 2016, and 2018, and 2,725 RSUs vest on August 12, 2017.
- (10) These awards are the 2015-2017 performance shares described in the Compensation Discussion and Analysis at pages 20-21. The performance period ends on June 30, 2017. The amounts shown include performance shares banked for 2015 and targeted for 2016 and 2017.
- (11) These SARs vested on August 9, 2015.

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The following table shows the value realized in 2015 by the named executive officers on the exercise of SARs and the vesting of RSUs and banked performance shares.

Name	Option Awards		Stock Awards	
	Number of Shares	Value Realized	Number of Shares	Value Realized
	Acquired on Exercise (#)	on Exercise (\$)	Acquired on Vesting (#)	on Vesting (\$)
N. Schrimsher	0	0	39,070	1,841,397
M. Eisele	0	0	10,707	523,043
F. Bauer	0	0	7,267	355,035
T. Barlett	0	0	5,993	292,766
K. Loring	0	0	0	0
C. Will	0	0	0	0
Nonqualified Deferred Compensation				

Applied maintains three nonqualified, unfunded defined contribution plans for key employees, including executive officers. Eligibility is limited to highly compensated or select management employees whose benefits under the Retirement Savings Plan (RSP) are subject to certain Code limitations.

Key Executive Restoration Plan (KERP)

The KERP is an unfunded, nonqualified deferred compensation plan adopted in 2012. To participate, an executive must be designated by the Committee or the Board. Applied credits a bookkeeping account for each participant with an amount equal to (i) 6.25% (unless the Committee or the Board specifies a different percentage) of the participant's base salary and annual actual cash incentive pay minus (ii) the amount of company contributions credited to the participant under the RSP for the calendar year.

To be eligible for KERP account credits, participants must elect to make 401(k) contributions under the RSP of either 6% of compensation or the contribution limit applicable under the Code and must be employed on the last day of a year or have retired, died, or become disabled during the year. Unless otherwise provided by the Committee or the Board, credits to a participant's account vest based on years of service with Applied, 25% per year. In addition, a participant will be 100% vested in the event of attainment of age 65, death, disability, or certain separations from service within one year after a change in control (as defined in the KERP).

Account balances are deemed invested in mutual funds selected by the participant from those available under the KERP. With the exception of Applied stock, participants generally have the same diverse equity, fixed income, and money market investment options as they have in the RSP.

The Committee has designated each named executive officer as a participant. The Committee set the account credit percentage for Mr. Schrimsher at 10% and provided that he would vest in 50% of his account after three years of service, 75% after four years, and 100% after five years.

Supplemental Defined Contribution Plan

The Supplemental Defined Contribution Plan permits highly compensated employees to defer a portion of their compensation that cannot be deferred under the RSP due to Code limitations.

Participants are always vested in their Supplemental Defined Contribution Plan deferrals. Applied does not contribute to the plan. With the exception of Applied stock, participants generally have the same diverse investment options as they have in the RSP.

Participants may receive distributions in a lump sum or in installments, as specified in the deferral election form. Acceleration of distributions is prohibited and a distribution change must comply with Code section 409A. Other than a date specified in a deferral election form, the plan only permits withdrawals, while employed, due to an unforeseeable emergency as allowed under section 409A.

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Each named executive officer has a plan account. Messrs. Barlett, Schrimsher, and Will made deferrals into the plan in 2015.

Deferred Compensation Plan

The Deferred Compensation Plan permits executive officers to defer a portion or all of the awards payable under an annual incentive plan or performance shares program. The plan's purpose is to promote increased efforts on Applied's behalf through increased investment in Applied stock.

The plan provides each Management Incentive Plan participant the opportunity to defer payment of his or her cash award. A participant who makes a deferral may have the amounts deemed invested in Applied stock and/or in a money market fund.

Participants may receive distributions in a lump sum or in installments over a period not exceeding 10 years, as specified in a deferral election form. Acceleration of distributions is prohibited and a distribution change must comply with Code section 409A. Other than a date specified in a deferral election form, the plan only permits withdrawals, while employed, due to an unforeseeable emergency as allowed under section 409A.

Although none of the named executive officers deferred pay into the Deferred Compensation Plan in 2015, Messrs. Barlett and Eisele have plan accounts due to past deferrals.

Nonqualified Deferred Compensation Fiscal Year 2015

The following table presents contributions, earnings, distributions, and balance information for the named executive officers' Deferred Compensation Plan, Key Executive Restoration Plan, and Supplemental Defined Contribution Plan accounts for 2015.

Name and Plan	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions	Contributions	Earnings (Losses)	Withdrawals/	Balance at
	in Last FY (\$)	in Last FY (\$) (1)	in Last FY (\$)	Distributions (\$)	Last FYE (\$)
N. Schrimsher					
Key Executive Restoration Plan	0	114,673	14,887	0	426,561
Supplemental Defined Contribution Plan	198,679	0	48,455	0	850,522
M. Eisele					
Deferred Compensation Plan	0	0	(73,286)	0	292,635
Key Executive Restoration Plan	0	30,827	48	0	81,312
Supplemental Defined Contribution Plan	0	0	60,776	0	934,286
F. Bauer					
Key Executive Restoration Plan	0	24,459	1,664	0	64,221
Supplemental Defined Contribution Plan	0	0	6,451	0	179,351
T. Barlett					
Deferred Compensation Plan	0	0	(104,397)	0	416,859
Key Executive Restoration Plan	0	20,923	309	0	43,162
Supplemental Defined Contribution Plan	5,159	0	2,811	0	296,097
K. Loring					
Key Executive Restoration Plan	0	7,371	222	0	7,593
C. Will					
Key Executive Restoration Plan (2)	0	38,575		0	0
Supplemental Defined Contribution Plan	33,758	0	2,083	0	42,159

(1) Key Executive Restoration Plan credits are shown net of withholding for certain taxes. The gross amounts are shown as a component of All Other Compensation in note (4) to the Summary Compensation Table on page 27.

(2) Mr. Will's account was not vested at the time of his separation from service and therefore was forfeited.

Pension Plans

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The SERP, a nonqualified defined benefit plan, provides supplemental retirement benefits to designated executive officers. Effective in 2012, the Committee froze participation in the SERP and stopped the accrual of additional plan benefits (by virtue of years of service and compensation levels) for existing participants. Messrs. Barlett, Bauer, and Eisele participated in the plan.

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The SERP's principal features follow:

Retirement Benefits. Except as described below, the annual normal retirement benefit, calculated in a single life annuity form, is 45% of a participant's average base salary and annual incentive pay for the highest three calendar years during the last 10 calendar years of service prior to calendar 2012. To receive a normal retirement benefit, a participant must separate from service at or after age 65, with at least five years' service as an executive officer. To receive an early retirement benefit prior to attainment of age 65, a participant must separate from service after reaching age 55 and completing at least 10 years' service with Applied, of which at least five were as an executive officer; all of the participants have the requisite years of service. Messrs. Barlett and Eisele are eligible for early retirement but Mr. Bauer is 49 years old and, therefore, not yet eligible.

Normal and early retirement benefits are reduced by 5% for each year that a participant's years of service are less than 20. In addition, early retirement benefits are reduced by 5% for each year that the commencement of benefits precedes age 65.

Disability Benefits. If a participant with at least five years of service as an executive officer becomes disabled, as defined in regulations under Code section 409A, the participant will receive a monthly SERP disability benefit until the earlier of age 65 or death. The monthly benefit, when added to other long-term disability benefits under Applied programs, will equal 1/12th of 60% of the average of the participant's highest three calendar years of total compensation (base salary plus annual incentive pay) during the last 10 calendar years of service with Applied.

Deferred Vested Benefits. Deferred vested benefits will be paid at age 65 to a participant who separates from service for reasons other than cause or disability prior to attainment of age 55 with at least 10 years' service, of which at least five were as an executive officer. The benefits will equal 25% of the participant's accrued normal retirement benefit at the time of separation.

Payment Forms. Normal and early retirement benefits are paid in the form designated by the participant pursuant to Code section 409A. Available forms include a single life annuity, various joint and survivor annuities, and substantially equal annual installments for a minimum of three years (five for a participant who is or was Chief Executive Officer) up to a maximum of 10 years. Deferred vested benefits are payable in three substantially equal annual installments following attainment of age 65.

Death Benefits. If a participant dies before receiving a SERP benefit, the participant's designated beneficiary will receive the present value of the deceased participant's accrued benefit in a lump sum or installments, as the participant elects in advance.

Change in Control. If a SERP participant incurs a separation from service effected either by Applied without cause or by the participant for good reason within two years after a change in control, or is receiving, or is eligible to receive, a retirement benefit when the change in control occurs, the participant is entitled to receive the actuarial equivalent of the benefit in a lump sum (unless the participant previously elected a different distribution option). In addition, in the event of such a separation following a change in control, a participant under age 55 will be credited with additional years of age for benefit calculation purposes equal to the difference between the participant's age and 55.

Noncompetition. Except if a change in control occurs, payment of SERP benefits is conditioned on the participant not competing with Applied.

Table of Contents**Pension Benefits Fiscal 2015 Year-End**

The following table shows the present value of accumulated benefits payable to the named executive officers and their years of credited service under the SERP.

Name	Plan Name	Number of Years	Present Value of Accumulated	Payments during
		Credited Service (#) (1)	Benefit (\$) (2) (3)	Last Fiscal Year (\$)
N. Schrimsher				
M. Eisele	SERP	20.6	4,582,911	0
F. Bauer	SERP	19.3	2,642,658	0
T. Barlett	SERP	36.2	2,588,928	0
K. Loring				
C. Will				

(1) In 2012, the Committee stopped the accrual of additional plan benefits by virtue of years of service and compensation levels.

(2) This figure reflects the estimated present value of the annual pension benefit accrued through June 30, 2015, and payable at age 65. The plan's actuary used the following key assumptions to determine the present values:

A discount rate of 3.00%, the FASB ASC 715 discount rate as of June 30, 2015,

The Code section 417(e) 2015 Optional Combined Unisex Mortality Table and a three-segment interest rate structure in effect for January 2015 with 1.33% for the first five years, 3.46% for the next 15 years, and 4.40% thereafter, and

No probability of termination, retirement, death, or disability before normal retirement age.

Actual payments after retirement are determined based on the Code section 417(e) interest rate and mortality table in effect at that time, along with the participant's age.

(3) SERP benefits are not subject to deductions for Social Security benefits or other material offset amounts. Messrs. Barlett and Eisele are fully vested in their benefits. Mr. Bauer is under 55 years of age but eligible for deferred vested benefits.

Potential Payments upon Termination or Change in Control

The summaries and tables in this section describe compensation and benefits that would have been payable to the named executive officers at June 30, 2015, if, as of that date, there had occurred

A termination of the executive's employment with Applied prior to a change in control,

A termination of employment due to death, disability, or retirement,

A change in control of Applied, or

A termination of employment following a change in control.

Compensation and benefits earned or accrued prior to the event, and not contingent on the event's occurrence, are not included in the summaries or tables.

Payments in the Event of a Termination

Except for Mr. Schrimsher, Applied does not have a formal severance policy that provides payments to the named executive officers if termination of employment occurs (other than in the circumstance of a change in control or by reason of death, disability, or retirement). The Board of Directors and its Executive Organization & Compensation Committee retain discretion to determine severance benefits, if any, to be offered.

Upon his hire, Applied and Mr. Schrimsher entered into an executive severance agreement providing that, if his service with Applied were terminated within a year of the agreement effective date by Applied without cause or by him for good cause, he would be entitled to severance in an amount equal to his base salary plus target annual incentive pay for a period running from his termination date to the second anniversary of the agreement effective date. He would not, however, be entitled to payment under the executive severance agreement if he received payment under his change in control agreement. The executive severance agreement automatically renews annually (as it did in October 2014) unless Applied elects not to renew it prior to expiration of the then-current term.

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Regardless of reason, if a named executive officer's employment terminates (other than in the circumstance of a change in control or by reason of death, disability or retirement) prior to the end of a vesting or performance period, then the following shall occur:

Awards under an annual cash incentive plan are forfeited, except as noted above under Mr. Schrimsher's executive severance agreement.

Performance shares, RSUs, and unvested SARs are forfeited.

Unvested KERP account balances are forfeited.

Accrued SERP benefits are forfeited if the participant separates from service prior to becoming eligible for normal, early, or deferred vested retirement benefits.

The accrual of other compensation and benefits under Applied's qualified and nonqualified benefit plans will cease.

Payments in the Event of Death, Disability, or Retirement

If a named executive officer's employment terminates by reason of death, disability, or retirement (other than following a change in control), then the following shall occur:

Awards under an annual cash incentive plan are payable pro rata at the end of the performance period based on the portion of the period during which the executive worked and the actual achievement of performance targets.

Performance shares are payable at the end of the performance period based on the portion of the period during which the executive worked and tied to actual performance.

RSUs are payable pro rata, pegged to the portion of the three-year term during which the executive worked.

SARs that have not yet vested will vest.

Unvested KERP account balances vest in the event of death, disability, or attainment of age 65. Accounts are also credited for the portion of the calendar year worked in the event of death, disability, or retirement after attaining age 55 with at least ten years of service.

SERP benefits payable on death, separation from service, or termination due to disability are more fully described in Pension Plans.

Upon retirement or termination due to disability after reaching age 55, the executive may participate in a retiree health care program, through third-party policies, paying the premiums that active employees pay for Applied's plan. Individuals first elected as executive officers after 2012 are not eligible for this program.

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The accrual of other compensation and benefits under Applied's qualified and nonqualified benefit plans will cease.

Payments in the Event of a Change in Control

Change in Control Agreements. Applied has entered into a change in control agreement with each named executive officer.

The agreements obligate Applied to provide severance benefits to an executive officer who incurs a separation from service effected either by the officer for good reason or by Applied without cause if the separation occurs within two years (three years in older agreements entered into with Messrs. Barlett, Bauer, and Eisele) after a change in control. The executive officer, in turn, is required not to compete with Applied for three years following the separation (one year for Messrs. Barlett, Bauer, and Eisele) and to hold in confidence Applied confidential information and trade secrets.

No compensation or benefits are payable under a change in control agreement on termination of the executive's employment prior to a change in control, or following a change in control if the executive's employment is terminated by Applied for cause or by reason of death, disability, or retirement.

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The compensation and principal benefits to be provided under the agreements follow:

A lump sum severance payment equal to three times (one and one-half times for Mr. Loring) the aggregate amount of the executive's annual base salary and target annual incentive pay, reduced proportionately if the officer would reach age 65 within three years after termination (one and one-half years for Mr. Loring; Mr. Schrimsher's agreement also entitles him to a prorated target annual incentive payment for the year in which termination occurs),

A cash payment for vested, unexercised SARs, equal to the difference between the exercise price and the higher of (i) the mean of the high and low trading prices on the NYSE on the termination date, and (ii) the highest price paid for Applied common stock in connection with the change in control,

Continued participation in Applied's employee benefit plans, programs, and arrangements, or equivalent benefits for three years after termination (one and one-half years for Mr. Loring) at the levels in effect immediately before termination,

Outplacement services, and

In the older agreements with Messrs. Barlett, Bauer, and Eisele, an additional payment in an amount sufficient, after payment of taxes on the additional payment, to pay any required parachute excise tax. This gross-up is not included in agreements entered into subsequent to 2011 (including those with Messrs. Schrimsher and Loring); instead, these agreements provide that if the executive's change in control payment becomes subject to the excise tax, then the payment will be reduced as necessary to avoid application of the excise tax.

Change in control is generally defined as follows:

A merger of Applied with another entity or a sale of substantially all of Applied's assets to a third party, following which Applied's shareholders prior to the transaction hold less than a majority of the combined voting power of the merged entities or asset acquirer,

Acquisition of beneficial ownership by a person of 30% or more (20% or more in the agreements with Messrs. Barlett, Bauer, and Eisele) of Applied's then-outstanding common stock, or

One half or more (one quarter or more in the agreements with Messrs. Barlett, Bauer, and Eisele) of the members of the Board of Directors being persons other than (i) directors who were in office on the agreement date, or (ii) directors who are elected after such date and whose nomination or election is approved by two-thirds of directors then in office or their successors approved by that proportion.

Good reason means the following:

Diminution of position or assigned duties, excluding an isolated, insubstantial, and inadvertent action not taken in bad faith,

Reduction of compensation, incentive compensation potential, or benefits following a change in control, other than an isolated, insubstantial, and inadvertent failure not occurring in bad faith,

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Applied requiring the executive to change principal place of employment or to travel to a greater extent than required immediately prior to a change in control, or

Failure of a successor to Applied to assume Applied's obligations under the agreement.

Applied may modify or terminate its obligations under the agreements prior to a change in control so long as the modification or termination is not made in anticipation of or in connection with a change in control.

2011 Long-Term Performance Plan. The 2011 Long-Term Performance Plan provides that if an executive officer incurs a separation from service effected either by Applied without cause or by the officer for good reason (as each term is defined in the plan) within three years following a change in control, then unvested SARs become exercisable and awards under a cash incentive plan become earned at the target amount. In addition, under the same circumstances, pursuant to the award terms and conditions, RSUs will vest in full, and performance shares will be payable at the target amount on a pro rata basis pegged to the timing of the separation in the three-year performance period.

Key Executive Restoration Plan. If a KERP participant incurs a separation from service effected either by Applied without cause or by the participant for good reason within one year after a change in control, unvested balances in the participant's account will vest.

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Supplemental Executive Retirement Benefits Plan. If a SERP participant incurs a separation from service effected either by Applied without cause or by the participant for good reason within two years after a change in control, or is receiving, or is eligible to receive, a retirement benefit when the change in control occurs, the participant is entitled to receive the actuarial equivalent of the participant's retirement benefit in a lump sum (unless the participant previously elected a different distribution option). In addition, in the event of such a separation following a change in control, a participant under age 55 will be credited with additional years of age equal to the difference between the participant's age and 55.

Separation Agreement with Mr. Will. In connection with Mr. Will's separation from service in February 2015, the company entered into a separation agreement with him. Pursuant to the agreement, the company provided Mr. Will \$140,000 as severance pay, made outplacement services valued at \$12,000 available to him, and waived his contributions for COBRA continuation health care coverage for up to six months. His separation did not accelerate the vesting of incentive pay, equity awards, or benefits.

Quantitative Disclosure. The following tables assume a termination or change in control occurred on June 30, 2015, the last day of our fiscal year, and Applied's stock price for all calculations is \$39.65, the closing price on the NYSE on that date. The tables include amounts earned through that time and estimates of amounts that would be paid on the occurrence of the events shown. The actual payment amounts can be determined only at the time of the event. The amounts shown do not include benefits and payments that are generally available to salaried employees on a nondiscriminatory basis. Also, as noted above, *compensation and benefits earned by an executive prior to an event shown, and not contingent on the event's occurrence, are not reflected in the tables.*

Neil A. Schrimsher, President & Chief Executive Officer

Benefits and Payments	Termination			Termination		Change in Control (No Termination)	Death	Termination due to Disability
	(No Change in Control)	Normal Retirement	Early Retirement	Following Change in Control	Without Cause or Reason			
	(\$)	(\$) (1)	(\$) (2)	(\$)	(\$)	(\$)	(\$)	(\$)
Base Salary	1,067,123	0	0	0	2,460,000	0	0	0
Management Incentive Plan	1,067,123	0	0	0	2,460,000	0	0	0
Performance Shares	0	0	0	0	732,098	0	732,098	732,098
SARs	0	0	0	0	50,715	0	50,715	50,715
RSUs	0	0	0	0	1,090,375	0	692,664	692,664
KERP (3)	0	0	0	0	213,281	0	60,656	60,656
Health Care and Welfare Benefits (4)	0	0	0	0	50,489	0	0	0
Life/Disability	0	0	0	0	0	0	300,000	*
Insurance Proceeds (5)	0	0	0	0	0	0	0	0
Outplacement Services	0	0	0	0	20,000	0	0	0
Total	2,134,246	0	0	0	7,076,958	0	1,836,133	1,536,133*

(1)

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Normal retirement under Applied's plans is separation from service after attainment of age 65. Mr. Schrimsher is age 51 and therefore ineligible for normal retirement.

- (2) Mr. Schrimsher is ineligible for early retirement under Applied's plans because he is only age 51 and has less than three years of service; early retirement is defined as separation from service after attainment of age 55 with at least 10 years of service, five of which are as an executive officer.
 - (3) KERP estimates for death and disability columns include current year component based on value of company account credits for preceding calendar year.
 - (4) Includes health care benefits and accidental death and dismemberment insurance.
 - (5) Proceeds are payable from third-party insurance policies.
- * Applied's supplemental long-term disability (LTD) insurance, with premiums paid by the executive, provides a monthly disability benefit equal to 60% of monthly total compensation (monthly base salary plus the average of the three most recent years' annual incentive compensation divided by 12), minus the basic plan benefit of 60% of base salary, up to an additional \$3,000 per month benefit. The aggregate maximum monthly LTD benefit, under the basic and supplemental programs, is \$21,000.

Table of Contents**Mark O. Eisele, Vice President - Chief Financial Officer & Treasurer**

Benefits and Payments	Termination			Termination		Change in Control (No Termination)	Death	Termination due to Disability
	(No Change in Control)	Normal Retirement	Early Retirement	for Cause	for Good Reason			
	(\$)	(\$) (1)	(\$) (2)	(\$)	(\$)	(\$)	(\$)	(\$)
Base Salary	0	0	0	0	1,354,500	0	0	0
Management Incentive	0	0	0	0	880,425	0	0	0
Plan								
Performance Shares	0	0	220,533	0	220,533	0	220,533	220,533
SARs	0	0	38,387	0	38,387	0	38,387	38,387
RSUs	0	0	216,864	0	329,095	0	216,864	216,864
KERP (3)	0	0	16,415	0	0	0	16,415	16,415
SERP (4)	0	0	0	0	0	0	0	776,233*
Welfare Benefits (5)	0	0	0	0	135	0	0	0
Life/Disability	0	0	0	0	0	0	300,000	*
Insurance Proceeds (6)								
Outplacement Services	0	0	0	0	20,000	0	0	0
Excise Tax Gross-Up	0	0	0	0	0	0	0	0
Total	0	0	492,199	0	2,843,075	0	792,199	1,268,432*

- (1) Normal retirement under Applied's plans is separation from service after attainment of age 65. Mr. Eisele is age 58 and therefore ineligible for normal retirement.
- (2) Early retirement is defined as separation from service after attainment of age 55 with at least 10 years of service, five of which are as an executive officer.
- (3) KERP estimates are based on value of company account credits for preceding calendar year.
- (4) In determining the value of the SERP disability benefits, the RP-2014 disability tables for males without collar adjustment, with fully generational mortality improvement projection using scale MP-2014, are used for post-retirement mortality. A 3.00% interest rate is used for temporary annuity payments under the disability benefit provisions.
- (5) Includes accidental death and dismemberment insurance.

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(6) Proceeds are payable from third-party insurance policies and the SERP.

* Applied's supplemental long-term disability (LTD) insurance, with premiums paid by the executive, provides a monthly disability benefit equal to 60% of monthly total compensation (monthly base salary plus the average of the three most recent years' annual incentive compensation divided by 12), minus the basic plan benefit of 60% of base salary, up to an additional \$3,000 per month benefit. The aggregate maximum monthly LTD benefit, under the basic and supplemental programs, is \$21,000. In addition, the SERP provides a monthly disability benefit to participants, which, when added to amounts payable under the basic and supplemental LTD programs, equals 1/12th of 60% of the average of the highest three of the last 10 calendar years of total compensation (base salary plus annual incentive).

Table of Contents**Fred D. Bauer, Vice President - General Counsel & Secretary**

Benefits and Payments	Termination			Termination		Change in Control (No Termination)	Death	Termination due to Disability
	(No Change in Control)	Normal Retirement	Early Retirement	for Cause Change in Control	for Good Reason Change in Control			
	(\$)	(\$ (1)	(\$ (2)	(\$)	(\$)	(\$)	(\$)	(\$)
Base Salary	0	0	0	0	1,164,000	0	0	0
Management Incentive Plan	0	0	0	0	616,920	0	0	0
Performance Shares	0	0	0	0	160,424	0	160,424	160,424
SARs	0	0	0	0	27,918	0	27,918	27,918
RSUs	0	0	0	0	241,865	0	159,812	159,812
KERP (3)	0	0	0	0	0	0	13,024	13,024
SERP (4)	0	0	0	0	1,381,047	0	1,321,063	2,852,947*
Health Care and Welfare Benefits (5)	0	0	0	0	44,194	0	0	0
Life/Disability Insurance Proceeds (6)	0	0	0	0	0	0	300,000	*
Outplacement Services	0	0	0	0	20,000	0	0	0
Excise Tax Gross-Up	0	0	0	0	0	0	0	0
Total	0	0	0	0	3,656,368	0	1,982,241	3,214,125*

- (1) Normal retirement under Applied's plans is separation from service after attainment of age 65. Mr. Bauer is age 49 and therefore ineligible for normal retirement.
- (2) Mr. Bauer is ineligible for early retirement under Applied's plans because he is only age 49; early retirement is defined as separation from service after attainment of age 55 with at least 10 years of service, five of which are as an executive officer.
- (3) KERP estimates are based on value of company account credits for preceding calendar year.
- (4) Calculation of post-termination SERP benefits assumes the executive would receive benefits in the installment payment form at the earliest date he would be eligible. To calculate the estimated present value of the installments, a 3.00% discount rate and the three-segment interest rate structure in effect for January 2014 under Code section 417(e), with 1.33% for the first five years, 3.46% for the next 15 years, and 4.40% thereafter, is used. In determining the value of the disability benefits, the RP-2014 disability tables for males without collar adjustment, with fully generational mortality improvement projection using scale MP-2014, are used for post-retirement mortality. A 3.00% interest rate is used for temporary annuity payments under the disability benefit provisions.

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(5) Includes health care benefits and accidental death and dismemberment insurance.

(6) Proceeds are payable from third-party insurance policies and the SERP.

* Applied's supplemental long-term disability (LTD) insurance, with premiums paid by the executive, provides a monthly disability benefit equal to 60% of monthly total compensation (monthly base salary plus the average of the three most recent years' annual incentive compensation divided by 12), minus the basic plan benefit of 60% of base salary, up to an additional \$3,000 per month benefit. The aggregate maximum monthly LTD benefit, under the basic and supplemental programs, is \$21,000. In addition, the SERP provides a monthly disability benefit to participants, which, when added to amounts payable under the basic and supplemental LTD programs, equals 1/12th of 60% of the average of the highest three of the last 10 calendar years of total compensation (base salary plus annual incentive).

Table of Contents**Todd A. Barlett, Vice President - Acquisitions and Global Business Development**

Benefits and Payments	Termination			Termination		Change in Control (No Termination)	Death	Termination due to Disability
	(No Change in Control)	Normal Retirement	Early Retirement	Following Change in Control	Following Change in Control			
	(\$)	(\$) (1)	(\$) (2)	(\$)	(\$)	(\$)	(\$)	(\$)
Base Salary	0	0	0	0	1,008,000	0	0	0
Management Incentive Plan	0	0	0	0	554,400	0	0	0
Performance Shares	0	0	134,493	0	134,493	0	134,493	134,493
SARs	0	0	21,573	0	21,573	0	21,573	21,573
RSUs	0	0	130,515	0	202,215	0	130,515	130,515
KERP (3)	0	0	10,714	0	0	0	10,714	10,714
SERP (4)	0	0	0	0	0	0	0	143,642*
Health Care and Welfare Benefits (5)	0	0	0	0	135	0	0	0
Life/Disability Insurance Proceeds (6)	0	0	0	0	0	0	300,000	*
Outplacement Services	0	0	0	0	20,000	0	0	0
Excise Tax Gross-Up	0	0	0	0	0	0	0	0
Total	0	0	297,295	0	1,940,816	0	597,295	440,937*

- (1) Normal retirement under Applied's plans is separation from service after attainment of age 65. Mr. Barlett is age 59 and therefore ineligible for normal retirement.
- (2) Early retirement is defined as separation from service after attainment of age 55 with at least 10 years of service, five of which are as an executive officer.
- (3) KERP estimates are based on value of company account credits for preceding calendar year.
- (4) In determining the value of the SERP disability benefits, the RP-2014 disability tables for males without collar adjustment, with fully generational mortality improvement projection using scale MP-2014, are used for post-retirement mortality. A 3.00% interest rate is used for temporary annuity payments under the disability benefit provisions.
- (5) Includes accidental death and dismemberment insurance.

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(6) Proceeds are payable from third-party insurance policies and the SERP.

* Applied's supplemental long-term disability (LTD) insurance, with premiums paid by the executive, provides a monthly disability benefit equal to 60% of monthly total compensation (monthly base salary plus the average of the three most recent years' annual incentive compensation divided by 12), minus the basic plan benefit of 60% of base salary, up to an additional \$3,000 per month benefit. The aggregate maximum monthly LTD benefit, under the basic and supplemental programs, is \$21,000. In addition, the SERP provides a monthly disability benefit to participants, which, when added to amounts payable under the basic and supplemental LTD programs, equals 1/12th of 60% of the average of the highest three of the last 10 calendar years of total compensation (base salary plus annual incentive).

Table of Contents**Kurt W. Loring, Vice President - Chief Human Resources Officer**

	Termination			Termination		Change in	Termination	Termination
	(No Change	Normal	Early	for Cause	for Good				Control (No	due to
Benefits and	in Control)	Retirement	Retirement	Control	Control	Termination)	Death	Disability
Payments	(\$)	(\$) (1)	(\$) (2)	(\$)	(\$)	(\$)	(\$)	(\$)
Base Salary	0	0	0	0	465,000	0	0	0
Management Incentive Plan	0	0	0	0	255,750	0	0	0
Performance Shares	0	0	0	0	37,509	0	37,509	37,509
SARs	0	0	0	0	0	0	0	0
RSUs	0	0	0	0	241,865	0	60,273	60,273
KERP (3)	0	0	0	0	7,593	0	3,686	3,686
Health Care and	0	0	0	0	22,097	0	0	0
Welfare Benefits (4)	0	0	0	0	0	0	300,000	*
Life/Disability	0	0	0	0	0	0	0	0
Insurance Proceeds (5)	0	0	0	0	20,000	0	0	0
Outplacement Services	0	0	0	0	0	0	0	0
Total	0	0	0	0	1,049,814	0	401,468	101,468*

(1) Normal retirement under Applied's plans is separation from service after attainment of age 65. Mr. Loring is age 46 and therefore ineligible for normal retirement.

(2) Mr. Loring is ineligible for early retirement under Applied's plans because he is only age 46; early retirement is defined as separation from service after attainment of age 55 with at least 10 years of service, five of which are as an executive officer.

(3) KERP estimates for death and disability columns include current year component based on value of company account credits for preceding calendar year.

(4) Includes health care benefits and accidental death and dismemberment insurance.

(5) Proceeds are payable from third-party insurance policies.

* Applied's supplemental long-term disability (LTD) insurance, with premiums paid by the executive, provides a monthly disability benefit equal to 60% of monthly total compensation (monthly base salary plus the average of the three most recent years' annual incentive compensation divided by 12), minus the

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basic plan benefit of 60% of base salary, up to an additional \$3,000 per month benefit. The aggregate maximum monthly LTD benefit, under the basic and supplemental programs, is \$21,000.

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COMPENSATION COMMITTEE REPORT

The Executive Organization & Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement. Based on the review and discussions, the committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and the annual report on Form 10-K for the fiscal year ended June 30, 2015.

EXECUTIVE ORGANIZATION &

COMPENSATION COMMITTEE

Peter C. Wallace, Chair

Peter A. Dorsman

John F. Meier

J. Michael Moore

ITEM 2 ADVISORY (NONBINDING) VOTE TO APPROVE

EXECUTIVE COMPENSATION

We believe our corporate governance policies, including our executive compensation program, should be responsive to shareholder concerns. This belief is reflected in a nonbinding, advisory vote that provides shareholders the opportunity to approve the named executive officers compensation as disclosed in our proxy statement, including, among other things, our executive compensation objectives, policies, and practices. We hold this vote annually, which was our shareholders' preference as expressed at the 2011 annual meeting.

This vote is intended to solicit an overall assessment of our executive compensation program rather than to focus on specific compensation items. The Board of Directors and its Executive Organization & Compensation Committee value shareholder opinion and intend to take the vote's outcome into account when considering future executive compensation arrangements. However, because the vote is advisory, it will not directly affect existing compensation awards. We are pleased to have earned the shareholders' approval in 2014, with greater than 98% of the shares cast voting in favor, indicating strong support for our program.

As discussed in the Compensation Discussion and Analysis section, above, Applied's executive compensation program aims to attract, retain, and motivate executives to maximize long-term shareholder return. The program uses a variety of elements including base salary, annual incentives, and long-term incentives in the form of performance shares to reward sustained financial results, SARs to reward stock price appreciation, and RSUs tied to service to help retain executives. Overall, the company targets pay to be in the range of market median levels.

In voting on our compensation program, please consider the following:

Our program has a pay-for-performance orientation.

The program aims to pay above median levels only for results that exceed target goals or because of growth in Applied's stock price.

Compensation tied to incentives made up the majority of the named executive officers' targeted pay in 2015.

Approximately half of the value of long-term incentives awarded to named executive officers in 2015 is tied to the achievement of performance goals.

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Incentive pay tied to financial results can range from 0% to 200% of target award levels, to motivate executives to exceed target goals and to penalize them for falling short.

With 2015 financial results falling below target goals, annual incentive payouts were at 79.5% of target award levels.
The program is aligned with long-term value creation and shareholders interests.

Long-term incentives awarded in 2015 accounted for 37% to 52% of the targeted pay of the named executive officers.

All long-term incentives are equity-based, whose ultimate value depends on the value of our stock.

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RSU awards have three-year cliff vesting, which is more demanding than typical market practice.

As of June 30, 2015, except for Messrs. Schrimsher and Loring (who have relatively short tenures with Applied), the named executive officers met their stock ownership guidelines. Until they achieve the guideline, executives are required to retain net shares received as a result of the exercise of SARs or the vesting of RSUs or performance shares.

We prohibit executives from hedging their company shareholdings.

Applied's executive benefits program is aligned with shareholders' interests and best practices.

In 2012, the Executive Organization & Compensation Committee froze participation in our defined benefit SERP and stopped accruing additional benefits, by virtue of years of service and compensation levels, for existing participants. A more modest defined contribution plan was adopted as a replacement.

Our officers are not provided perquisites such as company automobiles or allowances, club memberships, financial planning and tax return preparation services, and annual physical examinations. In 2013, the committee closed the retiree health care program to new executive officers.

The company's only change in control agreements are with executive officers. The agreements have double triggers, meaning they provide benefits only if employment is terminated under certain circumstances following a change in control, as described in Potential Payments upon Termination or Change in Control beginning on page 33. Agreements entered into subsequent to 2011, including those with Messrs. Schrimsher and Loring, do not include a gross-up for excise taxes.

Applied has adopted best practices to govern the program and to mitigate risk taking.

The Board holds an annual shareholder advisory vote to approve Applied's executive compensation, aligned with our shareholders' preference.

The Executive Organization & Compensation Committee uses an independent outside specialist adviser that provides no other services to Applied (other than director compensation consulting for the Board's Corporate Governance Committee). The committee annually assesses the independence of the adviser's representative.

The committee regularly holds sessions dedicated to updates on current and evolving trends in executive compensation.

Analytical tools such as tally sheets and share retention analyses keep the committee abreast of executives' total compensation and equity holdings.

The committee maintains consistency in the time of year it grants equity awards.

Applied's performance plans have limits on payouts or shares that can be earned.

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The company has clawback provisions in its incentive award terms.

We believe our program has been effective, consistent with its primary objectives, as demonstrated when one examines the program's alignment with Applied's recent financial results. Most goals set by the Executive Organization & Compensation Committee at the beginning of the fiscal year, based on management's business plan, were higher than the results for 2014. However, with challenges presented in the second half of the year by decelerating industrial market demand, declines in oil and gas markets, and foreign exchange headwinds, company operating performance fell short of 2015 goals. As a result, and despite improved performance versus 2014 by most measures, the executive officers earned annual incentive pay at 79.5% of target values. In addition, shares banked for 2015 under each of the performance share programs were below target values.

The Board asks that, after considering the information above, the Compensation Discussion and Analysis, and the compensation tables and related narrative discussion, you approve the following advisory resolution:

RESOLVED, that Applied's shareholders hereby approve, on an advisory, nonbinding basis, the compensation paid to Applied's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including in the Compensation Discussion and Analysis, compensation tables, and narrative discussion in this proxy statement.

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This advisory vote will be approved if it receives the affirmative vote of a majority of shares cast on the proposal. Abstentions and broker non-votes will not affect the outcome. Except for broker non-votes, if no voting specification is made on a properly returned and signed proxy card, the proxies named on the proxy card will vote FOR this resolution. The Board and its Executive Organization & Compensation Committee will review the voting results and take them into account in making future executive compensation decisions.

**The Board of Directors recommends you vote FOR this proposal approving
the compensation paid to Applied's named executive officers.**

ITEM 3 APPROVAL OF 2015 LONG-TERM PERFORMANCE PLAN

In June 2015, the Executive Organization & Compensation Committee (the Committee) adopted, subject to shareholder approval, the Applied Industrial Technologies, Inc. 2015 Long-Term Performance Plan (the Plan). The Committee also directed that this proposal to approve the Plan be submitted to shareholders at the annual meeting. If approved by the shareholders, the Plan will replace our 2011 Long-Term Performance Plan (2011 Plan), which was approved by shareholders at the 2011 annual meeting. No future awards will be granted under the 2011 Plan if the Plan is approved at the 2015 annual meeting.

We are seeking shareholder approval of the Plan so that (i) compensation attributable to Plan grants may qualify for the performance-based compensation exemption from the \$1 million deduction limit under Code section 162(m), (ii) incentive stock options granted under the Plan meet the requirements of the Code, and (iii) we satisfy NYSE corporate governance listing standards.

The Committee believes that the Plan will further our compensation philosophy and programs. Our ability to attract, retain, and motivate top quality executives, employees, and outside directors is material to our success, and the Committee has concluded that our ability to achieve these objectives would be enhanced by grants under the Plan. In addition, the Committee believes that the interests of Applied and our shareholders will be advanced if we can offer our executives, employees, and outside directors the opportunity to acquire equity interests in Applied.

Important Governance Differences between the Plan and the 2011 Plan

The Plan is similar to the 2011 Plan previously approved by shareholders. However, the Plan contains certain important governance differences from the 2011 Plan, including that the Plan:

Expands those eligible to receive awards under the Plan to all employees designated by the Committee, not only managerial or professional employees.

Provides for a minimum one-year vesting period for all employee stock awards.

Eliminates any discretionary vesting of awards upon a change in control.

Reduces from three years to one year the period following a change in control during which termination of a participant could result in a change in control-related acceleration of his or her outstanding awards.

Removes provisions allowing for the recycling of shares underlying cancelled, terminated, and forfeited awards to reflect Applied's existing share counting practices and to prohibit such recycling of awards in the future.

Summary of Material Terms of the Plan

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The following summary is a brief description of the Plan. This summary is qualified in its entirety by reference to the Plan and is to be interpreted solely in accordance with the Plan, a copy of which is attached as an Appendix to this proxy statement.

General

The Plan is designed to foster and promote Applied's long-term growth and performance by (i) strengthening Applied's ability to develop and retain an outstanding management team, (ii) motivating superior performance by means of long-term performance-related incentives, and (iii) enabling key employees and outside directors to participate in Applied's long-term growth and financial success.

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Administration

The Plan is administered by the Committee with respect to all Plan awards to employee participants. The Committee has full and exclusive power and authority to interpret the Plan, to grant waivers of Plan restrictions, and to adopt rules, regulations, and guidelines for carrying out the Plan. In particular, the Committee has authority to (i) select eligible participants for awards under the Plan; (ii) determine the number and type of awards to be granted; (iii) determine the terms and conditions, consistent with the terms of the Plan, of any awards granted; (iv) adopt, alter, and repeal administrative rules, guidelines, and practices governing the Plan; (v) interpret the terms and provisions of the Plan and any awards granted; (vi) prescribe the form of any agreement or instrument executed in connection with any award; and (vii) otherwise supervise the Plan's administration. All decisions made by the Committee are final and binding on all persons. The Committee may delegate any of its authority under the Plan to those persons it deems appropriate. In connection with any delegation, the Committee will take into consideration the implications for complying with SEC Rule 16b-3.

The Board's Corporate Governance Committee exercises all authority with respect to Plan awards to outside directors.

Benefits Payable to Executive Officers and Directors

Awards granted under the Plan in any fiscal year are subject to the discretion of the Committee, subject to the terms of the Plan. The Plan does not provide for automatic award grants and the amount and nature of awards granted can vary from year to year. The benefits payable under the 2011 Plan in the most recently completed fiscal year to certain executive officers are set forth in the Summary Compensation Table on page 26. Because grants of Awards under the Plan are discretionary, the benefits that will be received under the Plan by the executive officers named in the Summary Compensation Table or by all executive officers as a group, non-executive officer employees as a group, and the outside directors, are not currently determinable.

Participants

All employees of Applied, all nonemployee directors, and any other person selected by the Committee whose participation the Committee has determined to be in the best interests of Applied are eligible to participate in the Plan. The selection of participants is within the Committee's sole discretion. As of June 30, 2015, approximately 5,800 employees were eligible to receive awards under the Plan.

Awards

Under the Plan, the Committee is authorized to grant awards in the form of stock, any form of stock option, stock appreciation rights, performance shares, restricted stock, other stock-based awards, or cash. Awards may be granted singly, in combination, or in tandem under the Plan.

Performance Award Criteria

The business criteria upon which performance goals may be established by the Committee at the time an award is granted may include one or more of the following: revenue, sales, profit (net profit, gross profit, operating profit, economic profit, profit margins, or other corporate profit measures), earnings (EBIT, EBITDA, earnings per share, or other corporate earnings measures), net income (before or after taxes, operating income or other income measures), cash (cash flow, cash generation, or other cash measures), stock price or performance, total shareholder return, economic value added, return measures (including, but not limited to, return on assets, capital, equity, investments or sales, and cash flow return on assets, capital, equity, or sales), market share, improvements in capital structure, expenses (expense management, expense ratio, expense efficiency ratios, or other expense measures), business expansion or consolidation (organic, acquisitions, and divestitures), internal rate of return or increase in net present value, working capital targets relating to inventory and/or accounts receivable, inventory management, service or product delivery or quality, customer satisfaction, employee retention, talent development, safety standards, productivity measures, cost reduction measures, strategic plan development and implementation, programs relating to product lines or business units, integration of acquired businesses, implementation of tax and accounting elections, and development and implementation of communications and investor relations programs.

All performance goals must be objective performance goals satisfying the requirements for performance-based compensation within the meaning of Code section 162(m). Performance goals may also be based on the attainment of levels of performance of Applied and/or any of its affiliates under one or more of the measures described above relative to the performance of other businesses.

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Limitations on Awards

The maximum number of shares of Applied common stock with respect to which options, stock appreciation rights, or stock awards may be granted to an individual in any calendar year is 750,000 shares. The maximum number shares cumulatively available for the grant of incentive stock options under the Plan is 500,000. The maximum amount of any cash award that may be granted to any individual in any calendar year is \$4 million. Subject to these limitations and to the terms and conditions of the Plan, the aggregate number of shares of Applied common stock that may be awarded under the Plan may not exceed 2,500,000. Shares issued by Applied through the assumption or substitution of outstanding grants from an acquired corporation or entity do not reduce the number of shares available for grants under the Plan.

No Liberal Recycling of Shares

Shares that were subject to a prior award but that were not issued due to termination, cancellation of forfeiture such award or that were not issued due to withholding relating to such award are not available for future grants.

Cancellation and Rescission of Awards

Unless an award otherwise provides, the Committee may terminate any unexpired, unpaid, or deferred award at any time prior to any exercise, payment, or delivery of the award (except in the event of an intervening change in control) or may rescind an award during the six months after exercise, payment or delivery of the award if a participant (i) is not in compliance with provisions of the Plan or an applicable award agreement or (ii) commits an act inimical to Applied's interests. If the Committee terminates or rescinds an award, the participant may be required immediately to repay an award issued, exercised, or paid within the previous 12 months. Acts inimical to Applied's interests shall include willful inattention to duty; willful violation of Applied's published policies; acts of fraud or dishonesty involving Applied's business; solicitation of Applied's employees, customers or vendors to terminate or alter their relationship with Applied to Applied's detriment; unauthorized use or disclosure of information regarding Applied's business, employees, customers, or vendors; and competition with Applied.

Dodd-Frank Clawback

By accepting or exercising any award granted under the Plan, a participant agrees to be bound and abide by any policies adopted by Applied pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or exchange listing standards promulgated thereunder calling for the repayment and/or forfeiture of any award or payment resulting from an accounting restatement.

Stock Options

Under the Plan, options to purchase shares of Applied common stock may be granted at an exercise price that is not less than the fair market value on the date of grant based upon the closing price of shares on the NYSE, as determined by the Committee. A stock option may be in the form of an incentive stock option that, in addition to being subject to the terms established by the Committee, complies with section 422 of the Code. Section 422 provides that the aggregate fair market value (determined at the time the option is granted) of Applied common stock exercisable for the first time by a participant during any calendar year shall not exceed \$100,000; that the exercise price shall be not less than 100% of fair market value on the date of the grant; and that such options shall be exercisable for a period of not more than ten years and may be granted no later than ten years after the Plan's effective date. Applied did not award incentive stock options under the 2011 Plan and does not currently anticipate granting them under the Plan.

Prohibition on Repricing

The Plan prohibits repricing of stock options by any method, including through cancellation and reissuance.

Federal Income Tax Consequences

The following summary discusses certain U.S. federal income tax consequences associated with stock options or awards granted under the Plan. This description of tax consequences is based on current federal tax laws and regulations and does not purport to be a complete description of the federal income tax consequences applicable to a participant under the Plan. Accordingly, each participant should consult with his or her own tax advisor regarding the federal, state, and local tax consequences of the grant of a stock option or award and any subsequent exercise.

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There are no federal income tax consequences associated with the grant of a nonqualified stock option. Upon its exercise, though, the optionee generally must recognize ordinary compensation income (taxable at ordinary income rates) equal to the spread between the exercise price and the fair market value of the shares on the date of exercise. At the time of the sale of the shares acquired pursuant to the exercise of a nonqualified stock option, appreciation (or depreciation) in value of the shares after the date of exercise will be treated as either short-term or long-term capital gain (or loss), depending on how long the shares have been held.

There will be no regular federal income tax liability upon the grant or exercise of an incentive stock option. However, the spread between the exercise price and the fair market value of the shares on the date of exercise will be treated as an adjustment to income for federal alternative minimum tax purposes and may subject the optionee to the alternative minimum tax in the year of exercise. Any gain realized on disposition of shares purchased upon exercise of an incentive stock option will be treated as long-term capital gain if the shares are held for at least twelve months after the date of the issuance of the shares pursuant to the exercise of the incentive stock option and at least two years after the date of grant of the incentive stock option. If the shares are disposed of within 12 months after the date of issuance of the shares or within two years after the date of grant of the incentive stock option, the optionee will recognize ordinary compensation income (taxable at ordinary income rates) in the amount of the lesser of (i) the disposition price of the stock over the exercise price of the incentive stock option, or (ii) the fair market value of such shares on the date of exercise over the exercise price of the option, plus capital gain to the extent, if any, that the disposition price exceeds the fair market value of such shares on the date of exercise.

Generally, a recipient of a cash award or a stock award consisting of a stock bonus will recognize ordinary income at grant; in the case of a stock award, the income will be in an amount equal to the fair market value of the shares at the time of grant. If, however, the shares are subject to a substantial risk of forfeiture, the fair market value of the shares will be subject to income tax upon the termination of such risk in the same manner as other compensation. Gains or losses from subsequent sales of shares will be treated as short-term or long-term capital gains or losses depending on the holding period for such shares, and taxed accordingly. A stock award consisting of a right to purchase restricted stock will not be subject to federal income taxation at grant. Instead, the recipient generally must recognize ordinary compensation income equal to the spread between the purchase price and the fair market value of the restricted stock on the date the stock is purchased. If, however, the shares are subject to a substantial risk of forfeiture, the recipient will recognize ordinary compensation on the date of termination of such risk equal to the difference between the purchase price and the fair market value of the stock on the date such risk terminates. Gains or losses from subsequent sales of such shares will be treated as short-term or long-term capital gains or losses depending on the holding period for such shares, and taxed accordingly. The exercise of any stock award under the Plan is conditioned on the optionee's paying or making adequate provision for any tax required by any governmental authority to be withheld and paid by Applied to such governmental authority for the person's account with respect to the options and their exercise. To the extent compensation income is recognized by an optionee in connection with the exercise of a nonqualified stock option or a disqualifying disposition of stock obtained upon exercise of an incentive stock option, Applied generally would be entitled to a matching compensation deduction (assuming the requisite withholding requirements are satisfied).

Section 162(m) of the Code generally disallows a publicly-held corporation's tax deduction for compensation paid to its chief executive officer or any of its three other most highly compensated officers (other than the principal financial officer) in excess of \$1 million in any year. Compensation that qualifies as performance-based compensation is excluded from the \$1 million deductibility cap, and therefore remains fully deductible by the corporation that pays it. Stock awards, options, stock appreciation rights, performance shares and other stock-based awards and dollar-denominated awards granted under the Plan will only qualify as performance-based compensation when the Committee conditions the grants on the achievement of specific performance goals in accordance with the requirements of section 162(m).

We may not be entitled to a tax deduction for compensation attributable to awards granted to one of the executive officers named in the Summary Compensation Table if, and to the extent, such compensation does not qualify as performance-based compensation under section 162(m), and such compensation, along with any other non-performance-based compensation paid in the same calendar year, exceeds \$1 million. Also, an award may be taxable to the recipient at 20 percentage points above ordinary income tax rates at the time it becomes vested, plus interest, even if that is prior to the delivery of the cash or shares in settlement of the award, if the award constitutes deferred compensation under Code section 409A and that section's requirements are not satisfied.

Table of Contents**Change in Control**

In the event of termination of an employee-participant's employment by Applied without Cause or by the participant for Good Reason, or an outside director-participant's service on the Board ends, within the one-year period following a Change in Control (all as defined in the Plan) of Applied, and except as the Board may expressly provide otherwise, (i) all stock options or stock appreciation rights then outstanding shall become fully exercisable, whether or not then exercisable, (ii) all restrictions and conditions of all stock awards then outstanding shall be deemed satisfied, and (iii) all cash awards shall be deemed to have been fully earned. We anticipate that the Board will exercise its discretion to limit the application of the Change in Control provisions, with respect to employee awards, to awards granted to key management personnel.

A complete copy of the Plan appears as an Appendix to this proxy statement.

Required Vote and Recommendation

The affirmative vote of a majority of the votes cast at the meeting is required to approve the Plan.

The Board of Directors recommends you vote FOR the Plan.

ITEM 4 RATIFICATION OF AUDITORS

Subject to shareholder ratification, the Audit Committee has appointed Deloitte & Touche LLP to serve as independent auditors for the fiscal year ending June 30, 2016. The committee made the appointment after evaluating the firm and its performance. Deloitte & Touche has confirmed it is not aware of any relationship between the firm (and its affiliates) and Applied that may reasonably be thought to bear on its independence.

Deloitte & Touche, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates billed the following fees, including expenses, to Applied for fiscal years 2015 and 2014:

Type of Fees	Fiscal 2015 (\$)	Fiscal 2014 (\$)
Audit Fees	2,099,637	2,142,500
Audit-Related Fees	5,000	225,000
Tax Fees	467,900	923,500
All Other Fees	5,400	5,000

Audit-Related Fees in 2015 included amounts for debt compliance reports and in 2014 included amounts for acquisition financial due diligence services and debt compliance reports.

Tax Fees in 2015 were for tax compliance and return preparation (\$110,000) and consulting (\$357,900) and in 2014 were for tax compliance and return preparation (\$85,000) and consulting (\$838,500).

All Other Fees in 2015 and in 2014 were for an annual subscription to an accounting research tool.

The Audit Committee pre-approves services performed by the independent auditors to assure that the provision of the services does not impair the auditors' independence. If a type of service to be provided is not included in the committee's general pre-approval, then it requires specific pre-approval. In addition, services exceeding pre-approved cost levels require additional committee pre-approval. The committee has delegated pre-approval authority to its chair, provided that the committee reviews the chair's action at its next regular meeting. The committee also reviews, at each regular meeting, reports summarizing services provided by the auditors.

Unless otherwise indicated, the accompanying proxy will be voted in favor of ratifying Deloitte & Touche's appointment. Ratification requires the affirmative vote of a majority of shares cast at the meeting. If Deloitte & Touche withdraws or otherwise becomes unavailable for reasons not currently known, the proxies will vote for other independent auditors, as they deem appropriate.

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We expect one or more Deloitte & Touche representatives to be present at the meeting and available to respond to appropriate questions.

**The Board of Directors recommends you vote FOR ratifying
the appointment of the independent auditors.**

AUDIT COMMITTEE REPORT

The Audit Committee is composed solely of independent directors, as determined by the Board according to applicable laws and SEC and NYSE rules, and operates under a written charter. The charter is posted via hyperlink from the investor relations area of Applied's website at www.applied.com. The committee's responsibilities are summarized at page 9 of this proxy statement.

In performing its responsibilities relating to the audit of Applied's consolidated financial statements for the fiscal year ended June 30, 2015, the committee reviewed and discussed the audited financial statements with management and Applied's independent auditors, Deloitte & Touche. The committee also discussed with the independent auditors the matters required to be discussed under Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 16, *Communications with Audit Committees*.

The independent auditors also provided to the committee the letter and written disclosures required by applicable PCAOB requirements regarding the independent accountant's communications with the audit committee concerning independence. The committee discussed with Deloitte & Touche their independence and considered whether their provision of non-audit services to Applied is compatible with maintaining their independence.

Based on the reviews and discussions described above, the committee recommended to the Board that the audited financial statements be included in Applied's 2015 annual report on Form 10-K for filing with the SEC.

AUDIT COMMITTEE

Vincent K. Petrella, Chair

Edith Kelly-Green

Dan P. Komnenovich

Dr. Jerry Sue Thornton

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Applied's executive officers and directors, and persons who beneficially own more than 10% of Applied's stock, must file initial reports of ownership and reports of changes in ownership with the SEC and furnish copies to Applied.

Based solely on a review of forms furnished to us and written representations from Applied's executive officers and directors, we believe that during the fiscal year ended June 30, 2015, all filing requirements were satisfied on a timely basis.

SHAREHOLDER PROPOSALS AND NOMINEE SUBMISSIONS FOR 2016 ANNUAL MEETING

Shareholders' proposals for inclusion in our 2016 annual meeting proxy statement must be received by Applied's Secretary at 1 Applied Plaza, Cleveland, Ohio 44115, no later than May 14, 2016. Under Ohio law, only proposals included in the meeting notice may be raised at a meeting of shareholders. Accordingly, to nominate a director candidate or bring other business from the floor of the 2016 annual meeting, you must notify the Secretary in writing by August 26, 2016.

HOUSEHOLDING INFORMATION

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Only one set of this proxy statement and annual report is being delivered to multiple shareholders sharing an address unless Applied received contrary instructions from one or more of the shareholders.

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If a shareholder at a shared address to which a single set of the proxy statement and annual report was delivered wishes to receive a separate copy of either, he or she should contact Applied's registrar and transfer agent, Computershare Trust Company, N.A., by telephoning 1-800-988-5291 or by writing to Computershare at P.O. Box 43078, Providence, Rhode Island 02940-3078. The shareholder will be delivered, without charge, a separate copy promptly on request.

If shareholders at a shared address currently receiving multiple copies of the proxy statement and annual report wish to receive only a single copy of these documents, they should contact Computershare in the manner described above.

OTHER MATTERS

The Board of Directors does not know of other matters to be presented at the meeting. If other matters requiring a shareholder vote arise, including the question of adjourning the meeting, the persons named on the accompanying proxy card will vote your shares according to their judgment in the interests of Applied.

By order of the Board of Directors,

Fred D. Bauer

Vice President-General Counsel

& Secretary

September 11, 2015

APPENDIX 2015 Long-Term Performance Plan

Table of Contents**APPENDIX****APPLIED INDUSTRIAL TECHNOLOGIES, INC.****2015 LONG-TERM PERFORMANCE PLAN****1. Objectives**

The Applied Industrial Technologies, Inc. 2015 Long-Term Performance Plan (the *Plan*) is designed to foster and promote the long-term growth and performance of the Company by: (a) strengthening the Company's ability to develop and retain an outstanding management team, (b) motivating superior performance by means of long-term performance-related incentives and (c) enabling key employees and directors to participate in the continued growth and financial success of the Company. These objectives will be promoted by awarding to such persons performance-based stock awards, restricted stock, restricted stock units, stock options, stock appreciation rights and/or other performance or stock-based awards or cash.

2. Definitions

(a) *Award* The grant of stock or any form of stock option, stock appreciation right, performance share, restricted stock, restricted stock units, other stock-based award or cash whether granted singly, in combination or in tandem, to a Plan Participant pursuant to such terms, conditions and limitations as the Committee may establish in order to fulfill the objectives of the Plan.

(b) *Award Agreement* The instrument, agreement or other document given to a Participant by the Company that sets forth the terms, conditions and limitations applicable to an Award.

(c) *Board* The Board of Directors of the Company.

(d) *Cause* (i) the willful and continued failure by a Participant to perform substantially his or her duties with the Company or one of its affiliates (other than for disability or Good Reason), after a written demand for substantial performance is delivered to the Participant by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Participant has not substantially performed his or her duties, or (ii) the willful engagement by the Participant in illegal conduct or gross misconduct involving moral turpitude that is materially and demonstrably injurious to the Company; *provided, however*, that no act or failure to act shall be considered willful unless it is done, or omitted to be done, in bad faith or without his or her reasonable belief that such action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given the Participant pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company. Notwithstanding the foregoing, in the event that a Participant has entered into an employment, severance, or change-in-control agreement with the Company, the definition *Cause* as set forth in the most recently executed agreement will apply for all purposes of this Plan for such Participant, as opposed to the definition set forth herein.

(e) *Code* The Internal Revenue Code of 1986, as amended from time to time.

(f) *Committee* The Executive Organization and Compensation Committee of the Company's Board, or such other committee of the Board that is designated by the Board, shall administer the Plan with respect to all awards to Participants who are employees of the Company. The Corporate Governance Committee of the Company's Board, or such other committee of the Board that is designated by the Board, shall administer the Plan with respect to all awards to Participants who are Nonemployee Directors of the Company. The Committee shall be constituted so as to satisfy any applicable legal requirements including the requirements of Rule 16b-3 promulgated under the Securities Exchange Act of 1934 or any similar rule which may subsequently be in effect (*Rule 16b-3*) and the requirements of Section 162(m) of the Code. The members shall be appointed by, and serve at the pleasure of, the Board and any vacancy on the Committee shall be filled by the Board. For purposes of the provisions of Section 13 of the Plan, the Chief Executive Officer is hereby delegated authority to act on the Committee's behalf with respect to any Participant, other than the Chief Executive Officer.

(g) *Common Shares or shares* Authorized and issued or unissued shares of common stock without par value of the Company.

(h) *Company* Applied Industrial Technologies, Inc., an Ohio corporation, and its direct and indirect subsidiaries.

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- (i) *Director* Any individual who is a member of the Board.
- (j) *Fair Market Value* The closing price of Common Shares as reported by the New York Stock Exchange for the date in question, provided that if no sales of Common Shares were made on said exchange on that date, the closing price of Common Shares as reported for the preceding day on which sales of Common Shares were made on said exchange.
- (k) *Nonemployee Director* Any Director who is not an employee of the Company.
- (l) *Good Reason* (i) a material diminution in a Participant's authority, duties, or responsibilities, (ii) a material diminution in the authority, duties, or responsibilities of the person to whom a Participant reports immediately prior to a Change in Control, (iii) a material diminution by the Company of a Participant's annual base salary that was paid to the Participant immediately prior to the Change in Control, (iv) a material change in the geographic location where a Participant provides service to the Company, or (v) any failure of any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to a Participant, to expressly assume and agree to comply with the terms of an Award in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; *provided further*, that, Good Reason shall not have occurred unless a Participant gives the Company written notice within 90 days of the initial existence of the condition claimed by the Participant in good faith to constitute Good Reason and the Company fails to remedy the condition within 30 days of such notice. A Participant shall not be deemed to have terminated his or her employment with the Company for Good Reason unless such separation from service occurs no later than two years after the occurrence of the event constituting Good Reason.
- (m) *Participant* Any employee of the Company, a Nonemployee Director or any other person that the Committee determines that his or her participation is in the best interests of the Company and to whom an Award is made under the Plan.
- (n) *Retirement or Retire* Any Separation from Service at or after attainment of age 65, or after attainment of age 55 and the completion of at least 10 years of employment with the Company.
- (o) *Section 162(m) Employee* Any employee with respect to whom compensation paid is subject to the restrictions imposed by Section 162(m) of the Code, or any similar or successor restrictions.
- (p) *Section 409A* Section 409A of the Code as well as regulations and guidance issued thereunder.
- (q) *Separation from Service* The termination of employment of an employee with the Company; provided, however, that an approved leave of absence shall not be considered a termination of employment if the leave does not exceed six months or, if longer, so long as the employee's right to reemployment is provided by statute or by contract. Whether an employee has incurred a Separation from Service shall be determined in accordance with Section 409A.
- (r) *Specified Employee* A specified employee within the meaning of Section 409A and any specified employee identification policy of the Company.
- (s) *Stock Option* The right granted to a Participant under the Plan to purchase Common Shares pursuant to paragraph (a) of Section 7.

3. Eligibility

Persons eligible to be selected as Participants shall include employees of the Company, Nonemployee Directors or other persons selected by the Committee whose participation the Committee has determined to be in the best interests of the Company. The selection of Participants shall be within the sole discretion of the Committee. Grants may be made to the same Participant on more than one occasion.

4. Common Shares Available for Awards

The aggregate number of Common Shares that may be awarded under the Plan shall be two million five hundred thousand (2,500,000) Common Shares; provided, that no more than five hundred thousand (500,000) Common Shares shall be cumulatively available for the grant of incentive stock options under the Plan and that no more than seven hundred fifty thousand (750,000) Common Shares will be available for the grant of stock options, stock appreciation rights, and stock Awards to any individual Participant in any one calendar year. In addition, any Common Shares issued by the Company through the assumption or substitution of outstanding grants from an acquired corporation or entity shall not reduce the

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Common Shares available for grants under the Plan. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares. No Common Shares that were subject to a prior Award but that were not issued due to termination, cancellation of forfeiture such Award or that were not issued due to withholding relating to such Award shall be available for future Award grants.

From time to time, the Board and appropriate officers of the Company shall take whatever actions are necessary to file required documents with governmental authorities and stock exchanges to make Common Shares available for issuance. No fractional shares shall be issued, and the Committee shall determine the manner in which fractional share value shall be treated.

5. Administration

The Plan shall be administered by the Committee which shall have full and exclusive power and authority to interpret the Plan, to grant waivers of Plan restrictions and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be executed in the best interests of the Company and in keeping with the objectives of the Plan. In particular, the Committee shall have the authority to: (i) select eligible Participants as recipients of Awards; (ii) determine the number and type of Awards to be granted; (iii) determine the terms and conditions, not inconsistent with the terms hereof, of any Award granted; (iv) adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; (v) interpret the terms and provisions of the Plan and any Award granted; (vi) prescribe the form of any agreement or instrument executed in connection with any Award; and (vii) otherwise supervise the administration of the Plan. In addition, the Board shall have authority, without amending the Plan, to grant Awards hereunder to Participants who are foreign nationals or employed outside the United States or both, on terms and conditions different from those specified herein as may, in the sole judgment and discretion of the Board, be necessary or desirable to further the purpose of the Plan. All decisions made by the Committee pursuant to the provisions hereof shall be made in the Committee's sole discretion and shall be final and binding on all persons, including the Company, its stockholders, employees, Participants, and their estates and beneficiaries.

Notwithstanding the powers and authorities of the Committee set forth in this Section 5:

- (a) The Committee shall not permit the repricing of stock options by any method, including through cancellation and reissuance; and
- (b) The Committee may only accelerate the vesting or exercisability of an Award: (i) upon termination of employment by a Participant as permitted under Section 409A, or (ii) upon death or disability of a Participant.

6. Delegation of Authority

The Committee may delegate any of its authority hereunder to such subcommittees or persons as it deems appropriate. Any such delegation will take into consideration the implication for complying with Rule 16b-3.

7. Awards

The Committee shall determine the type or types of Award(s) to be made to each Participant and shall set forth in the related Award Agreement the terms, conditions and limitations applicable to each Award. Awards may include but are not limited to those listed in this Section. Awards may be granted singly, in combination or in tandem or in exchange for a previously granted Award; provided that the exercise price for any stock options shall not be less than the Fair Market Value on the date of grant of the new Award (except to the extent the stock options are granted as replacement stock options for stock options acquired by the Company, in which case such replacement stock option shall satisfy the requirements of Section 409A of the Code). Awards may also be made in combination or in tandem with, in replacement of, or as alternatives to, grants or rights under any other employee plan of the Company, including the plan of any acquired entity. All Stock Awards and other Awards payable in Common Shares that are granted to Participants who are employees of the Company shall have a vesting period determined by the Committee, which in no event shall be less than one year.

- (a) *Stock Option* A grant of a right to purchase a specified number of Common Shares during a specified period and at a specified price not less than the Fair Market Value on the date of grant, as determined by the Committee. A Stock Option may be in the form of an incentive stock option (ISO) that, in addition to being subject to applicable terms, conditions and limitations established by the Committee, complies with Section 422 of the Code which, among other limitations, currently

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provides that the aggregate Fair Market Value (determined at the time the option is granted) of Common Shares exercisable for the first time by a Participant during any calendar year shall not exceed \$100,000 (or such other limit as may be required by the Code); that the exercise price shall be not less than 100% of Fair Market Value on the date of the grant; and that such options shall be exercisable for a period of not more than ten years and may be granted no later than ten years after the effective date of this Plan. ISOs shall be granted only to key employees of the Company as permitted under Section 422 and 424 of the Code.

(b) *Stock Appreciation Right or SAR* A right to receive a payment, in cash and/or Common Shares, equal to the excess of the Fair Market Value of a specified number of Common Shares on the date the SAR is exercised over the Fair Market Value on the date of grant of the SAR as set forth in the applicable Award Agreement.

(c) *Stock Award* An Award made in Common Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Common Shares. All or part of any Stock Award may be subject to conditions established by the Committee, and set forth in the Award Agreement.

(d) *Restricted Stock Units* An Award providing for the deferred issuance of Common Shares (or the cash value of a specified number of Common Shares). All or any part of any Award of Restricted Stock Units may be subject to conditions established by the Committee and set forth in the Award Agreement.

(e) *Cash Award* An Award denominated in cash with the eventual payment amount subject to future service and such other restrictions and conditions as may be established by the Committee, and as set forth in the Award Agreement. The maximum amount of any cash Award payable to any Participant in any one calendar year shall be four million dollars (\$4,000,000).

(f) (i) With respect to all grants of Awards to any Section 162(m) Employee that are intended to be performance based within the meaning of Section 162(m)(4) of the Code, the stock Awards and cash Awards made pursuant to paragraphs (c) and (d) shall be based on the satisfaction of performance goals established by the Committee at the time an Award is granted, which goals shall include one or more of the following for the Company as a whole or for any business unit, department or functional area designated by the Committee: revenue, sales, profit (net profit, gross profit, operating profit, economic profit, profit margins or other corporate profit measures), earnings (EBIT, EBITDA, earnings per share, or other corporate earnings measures), net income (before or after taxes, operating income or other income measures), cash (cash flow, cash generation or other cash measures), stock price or performance, total shareholder return, economic value added, return measures (including, but not limited to, return on assets, capital, equity, investments or sales, and cash flow return on assets, capital, equity, or sales), market share, improvements in capital structure, expenses (expense management, expense ratio, expense efficiency ratios or other expense measures), business expansion or consolidation (organic, acquisitions and divestitures), internal rate of return or increase in net present value, working capital targets relating to inventory and/or accounts receivable, inventory management, service or product delivery or quality, customer satisfaction, employee retention, talent development, safety standards, productivity measures, cost reduction measures, strategic plan development and implementation, programs relating to product lines or business units, integration of acquired businesses, implementation of tax and accounting elections, and development and implementation of communications and investor relations programs; provided however, that all performance goals shall be objective performance goals satisfying the requirements for performance-based compensation within the meaning of Section 162(m)(4) of the Code. Such performance goals may also be based on the attainment of levels of performance of the Company and/or any of its affiliates under one or more of the measures described above relative to the performance of other businesses. Payment of any performance based Award shall only be made after the attainment of the applicable performance goals has been certified in writing by the Committee (including in duly adopted resolutions of the Committee). Any Awards that are intended to be performance based within the meaning of Section 162(m)(4) of the Code may not be adjusted upward. The Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

(ii) Any performance based Award that is covered by Section 409A must be made with respect to performance periods that are at least 12 months.

(iii) With respect to grants of Awards to any Participant who is not a Section 162(m) Employee or that are not intended to be performance-based compensation within the meaning of Section 162(m)(4) of the Code, the Awards may be based on any of the goals described in paragraph (i) and on such other conditions as may be established by the Committee.

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8. Payment of Awards

Payment of Awards may be made, as determined by the Committee in its sole discretion, in the form of cash, Common Shares or combinations thereof and may include such restrictions as the Committee shall determine, including in the case of Common Shares, restrictions on transfer and forfeiture provisions. When transfer of shares is so restricted or subject to forfeiture provisions, such shares are referred herein as Restricted Stock. Further, with Committee approval, payments may be deferred, either in the form of installments or a future lump sum payment. The Committee may permit selected Participants to elect to defer payments of some or all types of Awards (except Stock Options and SARs) in accordance with procedures established by the Committee to assure that any such deferral complies with applicable requirements of the Code, in particular, Section 409A, including, at the choice of Participants, the capability to make further deferrals for payment after Retirement. Any deferred payment, whether elected by the Participant or specified by the Award Agreement or by the Committee, may require the payment to be forfeited in accordance with the provisions of Section 13 of the Plan. Dividends or dividend equivalent rights may be extended to and made part of any Award denominated in shares or units of Common Shares, subject to such terms, conditions and restrictions as the Committee may establish; provided that dividends or dividend equivalents shall not be extended to or made part of Stock Options or SARs, unless the right to such dividends or dividend equivalents is not contingent, directly or indirectly, upon the exercise of the Stock Option or SAR. The Committee may also establish rules and procedures for the crediting of interest on deferred cash payments and dividend equivalents for deferred payments denominated in Common Shares or units of Common Shares. At the discretion of the Committee, which shall take into consideration the requirements of Section 409A, a Participant may be offered an election to substitute an Award for another Award or Awards of the same or different type; provided that Awards may not be made to substitute for previously granted Stock Options having higher exercise prices. Notwithstanding the foregoing, (i) any Award that is not nonqualified deferred compensation within the meaning of Section 409A shall not have any feature that would allow for the deferral of compensation (within the meaning of Section 409A), other than the deferral of recognition of income until the exercise of such Award and (ii) any Award that is nonqualified deferred compensation within the meaning of Section 409A shall permit the deferral thereof only in a manner that meets the requirements of, and complies with, Section 409A. If, at any time, it is determined that any Award is taxable to a Participant under Section 409A, the Award, or portion thereof, which becomes so taxable shall be distributed to such Participant.

9. Stock Option Exercise

The price at which shares may be purchased under a Stock Option shall be paid in full at the time of the exercise (i) in cash or (ii) if permitted by the Committee, (A) by means of tendering Common Shares, (B) by directing the Company to retain Common Shares otherwise issuable to the Participant under the Stock Option or (C) by any other means which the Committee determines to be consistent with the Plan's objectives and applicable law and regulations. The Committee shall determine acceptable methods for tendering Common Shares and may impose such conditions on the use of Common Shares to exercise a Stock Option as it deems appropriate.

10. Tax Withholding

The Company shall have the authority to withhold, or to require a Participant to remit to the Company, prior to issuance or delivery of any shares or cash hereunder, an amount sufficient to satisfy federal, state and local tax withholding requirements associated with any Award. In addition, the Company may, in its sole discretion, permit a Participant to satisfy any tax withholding requirements, in whole or in part, by (i) delivering to Common Shares held by such Participant having a Fair Market Value equal to the amount of the tax or (ii) directing the Company to retain Common Shares otherwise issuable to the Participant under the Plan. If Common Shares are used to satisfy tax withholding, such shares shall be valued based on the Fair Market Value at the time the tax withholding is required to be made. Under no circumstances will a Participant be permitted to have withheld Common Share with a Fair Market Value in excess of the legally required amount of withholding.

11. Amendment, Modification, Suspension or Discontinuance of this Plan

The Board or the Committee may amend, modify, suspend or terminate the Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law. Subject to changes in law or other legal requirements which would permit otherwise, the Plan may not be amended without consent of the holders of the majority of the Common Shares then outstanding, to (i) increase the aggregate number of Common Shares that may be issued under the Plan (except for adjustments pursuant to the Plan), (ii) materially modify the requirements as to eligibility for participation in the Plan, or (iii) withdraw administration of the Plan from the Committee.

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The Board or the Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall impair the rights of any Participant without his consent and no such amendment shall have the effect, with respect to any performance based award to a Section 162(m) Employee, of increasing the amount of any Award from the amount that would otherwise be payable pursuant to the formula and/or goals previously established for such Participant. The Board or the Committee may also make Awards hereunder in replacement of, or as alternatives to, Awards previously granted to Participants, except for previously granted options having higher exercise prices, but including without limitation grants or rights under any other plan of the Company or of any acquired entity. Notwithstanding the foregoing, the Board or the Committee shall consider the requirements of Section 409A in making any such amendment.

Notwithstanding the foregoing and except as provided in Section 15 of this Plan, the terms of outstanding Awards may not be amended to reduce the exercise price of outstanding Stock Options or SARs or cancel outstanding Stock Options or SARs in exchange for cash, other awards or Stock Options or SARs with an exercise price that is less than the exercise price of the original Stock Options or SARs without shareholder approval.

12. Termination of Employment

If a Participant incurs a Separation from Service for any reason, all unexercised, deferred and unpaid Awards shall be exercisable or paid in accordance with the applicable Award Agreement, which may provide that the Committee may authorize, as it deems appropriate, the continuation of all or any part of Awards granted prior to such Separation from Service; provided that the Committee shall consider the requirements of Section 409A when making any such authorization.

13. Cancellation and Rescission of Awards

Unless the Award Agreement specifies otherwise, the Committee may cancel any Awards at any time if the Participant is not in compliance with all other applicable provisions of the Award Agreement, the Plan and with the following conditions:

(a) If the Committee determines, in good faith, that during the Participant's employment with the Company or during the period ending twelve months following the Participant's separation from Service, the Participant has committed an act inimical to the Company's interests, then the Committee may terminate or rescind, and, if applicable, the Participant may be required immediately to repay an Award issued, exercised or paid within the previous twelve months. Acts inimical to the Company's interests shall include willful inattention to duty; willful violation of the Company's published policies; acts of fraud or dishonesty involving the Company's business; solicitation of the Company's employees, customers or vendors to terminate or alter their relationship with the Company to the Company's detriment; unauthorized use or disclosure of information regarding the Company's business, employees, customers, or vendors; and competition with the Company. All determinations by the Committee shall be effective as of the time of the Participant's act.

(b) A Participant shall not, without prior written authorization from the Company, disclose to anyone outside the Company, or use in other than the Company's business, any confidential information or material relating to the business of the Company, acquired by the Participant either during or after employment with the Company.

(c) By exercising or accepting payment of an Award, a Participant thereby certifies that he or she is in compliance with the terms and conditions of the Plan. At the request of the Company, Participants shall be required to confirm in writing such certification to the Company. Such confirmation shall be delivered within ten days of a request by the Company. Failure to comply with the provisions of paragraph (a), (b) or (c) of this Section 13 prior to, or during the six months after, any exercise, payment or delivery pursuant to an Award (except in the event of an intervening Change in Control as defined below) shall cause such exercise, payment or delivery to be subject to rescission by the Company. If such exercise, payment or delivery is rescinded, the Company shall notify the Participant in writing of any such rescission within two years after such exercise, payment or delivery. Within ten days after receiving such a notice from the Company, the Participant shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment or delivery pursuant to an Award. Such payment shall be made either in cash or by returning to the Company the number of Common Shares that the Participant received in connection with the rescinded exercise, payment or delivery.

(d) By accepting or exercising any Award granted under the Plan (or any predecessor plan), a Participant agrees to abide and be bound by any policies adopted by the Company pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or exchange listing standards promulgated thereunder calling for the repayment and/or forfeiture of any Award or payment resulting from an accounting restatement. Such repayment and/or forfeiture provisions shall apply whether or not the Participant is presently employed by or affiliated with the Company.

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14. Nonassignability

Except as may be otherwise provided in the relevant Award Agreement, no Award or any benefit under the Plan shall be assignable or transferable, or payable to or exercisable by, anyone other than the Participant to whom the Award or any benefit under the Plan was granted.

15. Adjustments

In the event of any change in capitalization of the Company by reason of a stock split, stock dividend, combination, reclassification of shares, recapitalization, merger, consolidation, exchange of shares, spin-off, spin-out or other distribution of assets to shareholders, or similar event, the Committee may adjust proportionally (i) the Common Shares (1) reserved under the Plan, (2) available for ISOs and (3) covered by outstanding Awards denominated in stock or units of stock; (ii) the stock prices related to outstanding Awards; and (iii) the appropriate Fair Market Value and other price determinations for such Awards. In the event of any other change affecting the Common Shares or any distribution (other than normal cash dividends) to holders of capital stock, such adjustments as may be deemed equitable by the Committee, shall be made to give proper effect to such event. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee shall be authorized to issue or assume stock options, whether or not in a transaction to which Section 424 of the Code applies, by means of substitution of new options for previously issued options or an assumption of previously issued options.

16. Change in Control

(a) Within the one-year period immediately following any Change in Control (as defined below), in the event (x) an employee-Participant's employment with the Company is terminated either by the Participant for Good Reason or by the Company without Cause or (y) a Nonemployee Director-Participant no longer serves as a member of the Board for any reason, then, as of the date immediately preceding the date of such Participant's termination of employment or service on the Board, as applicable, with respect to such Participant, (i) all Stock Options or SARs then outstanding shall become fully exercisable, whether or not then exercisable, (ii) all restrictions and conditions of all Stock Awards then outstanding shall be deemed satisfied, and (iii) all Cash Awards shall be deemed to have been fully-earned at Target Levels.

(b) A Change in Control with respect to Awards that do not constitute nonqualified deferred compensation within the meaning of Section 409A shall have occurred when any of the following events shall occur:

(i) The Company is merged, consolidated or reorganized into or with another corporation or other legal person, and immediately after such merger, consolidation or reorganization less than a majority of the combined voting power of the then-outstanding securities of such corporation or person immediately after such transaction are held in the aggregate by the holders of Voting Stock (as that term is hereafter defined) of the Company immediately prior to such transaction;

(ii) The Company sells all or substantially all of its assets to any other corporation or other legal person, and, immediately after such sale, less than a majority of the combined voting power of the then-outstanding securities of such corporation or person immediately after such sale are held in the aggregate by the holders of Voting Stock of the Company immediately prior to such sale;

(iii) There is a report filed or required to be filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report), each as promulgated pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act), disclosing that any person (as the term person is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term beneficial owner is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing 30% or more of the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the Company (Voting Stock);

(iv) The Company files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) that a change in control of the Company has occurred or will occur in the future pursuant to any then-existing contract or transaction; or

(v) If during any period of two consecutive years, individuals who at the beginning of any such period constitute the Directors of the Company cease for any reason to constitute at least a majority thereof, provided, however, that for purposes of this clause (v), each Director who is first elected, or first nominated for election by the Company's stockholders by a vote

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of at least two-thirds of the Directors of the Company (or a committee thereof) then still in office who were Directors of the Company at the beginning of any such period will be deemed to have been a Director of the Company at the beginning of such period.

Notwithstanding the foregoing provisions of Section 16(b)(iii) or (iv) hereof, unless otherwise determined in a specific case by majority vote of the Board, a Change in Control shall not be deemed to have occurred for purposes of the Plan solely because (i) the Company, (ii) an entity in which the Company directly or indirectly beneficially owns 50% or more of the voting securities or interest, or (iii) any Company-sponsored employee stock ownership plan or any other employee benefit plan of the Company, either files or becomes obligated to file a report or a proxy statement under or in response to Schedule 13D, Schedule 14D-1, Form 8-K or Schedule 14A (or any successor schedule, form or report or item therein) under the Exchange Act, disclosing beneficial ownership by it of shares of Voting Stock, whether in excess of 30% or otherwise, or because the Company reports that a change in control of the Company has occurred or will occur in the future by reason of such beneficial ownership.

(c) A Change in Control with respect to Awards that constitute nonqualified deferred compensation within the meaning of Section 409A shall mean a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company that constitutes a change in control under Section 409A.

17. Notice

Any written notice to the Company required by any of the provisions of the Plan shall be addressed to the Chief Financial Officer or to the Chief Executive Officer of the Company, and shall become effective when it is received by the office of the Chief Financial Officer or the Chief Executive Officer.

18. Unfunded Plan

Insofar as it provides for Awards of cash and Common Shares, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are entitled to cash, Common Shares or rights thereto under the Plan, any such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets that may at any time be represented by cash, Common Shares or rights thereto, nor shall the Plan be construed as providing for such segregation, nor shall the Company nor the Board nor the Committee be deemed to be a trustee of any cash, Common Shares or rights thereto to be granted under the Plan. Any liability of the Company to any Participant with respect to a grant of cash, Common Shares or rights thereto under the Plan shall be based solely upon any contractual obligations that may be created by the Plan and any Award Agreement; no such obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by the Plan.

19. Governing Law

The Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by the Code or the securities laws of the United States, shall be governed by the law of the State of Ohio and construed accordingly.

20. Rights of Employees

Nothing in the Plan shall interfere with or limit in any way the right of the Company or any subsidiary to terminate any Participant's employment at any time, nor confer upon any Participant any right to continued employment with the Company or any subsidiary.

21. Status of Awards

Except to the extent specifically provided for in any other employee benefit plan of the Company, Awards hereunder shall not be deemed compensation for purposes of computing benefits under any retirement plan of the Company and shall not affect any benefits under any other benefit plan now or hereafter in effect under which the availability or amount of benefits is related to the level of compensation.

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22. Section 409A; Tax Matters

To the extent applicable, the Company intends that the Plan comply with Section 409A and the Plan shall be construed in a manner to comply with Section 409A. In the event that any provision of the Plan shall be found not to be in compliance with Section 409A, the Participant shall be contractually obligated to execute any and all amendments to Awards deemed necessary and required by legal counsel for the Company to achieve compliance with Section 409A. By acceptance of an Award, Participants irrevocably waive any objections they may have to the amendments required by Section 409A. Participants also agree that in no event shall any payment required to be made pursuant to the Plan that is considered nonqualified deferred compensation within the meaning of Section 409A be accelerated in violation of Section 409A. In the event that a Participant is a Specified Employee, payments that are deemed to be nonqualified deferred compensation shall not be distributed, or begin to be distributed, until the first day of the seventh month following such Participant's Separation from Service. The amount of the first payment shall include the accumulated amount of the payments, if any, that would otherwise have been made during the first six months but for the fact that the Participant is a Specified Employee. Although the Company shall use its best efforts to avoid the imposition of taxation, penalties and/or interest under Section 409A, tax treatment of Awards is not warranted or guaranteed. The Company, the Board, any affiliate or, any delegate shall not be held liable for any taxes, penalties, interest or other monetary amounts owed by any Participant with respect to any Award.

The Company makes no warranties or representations to any Participant with respect to the tax consequences (including but not limited to income tax consequences) related to any Award or the issuance, transfer or disposition of Shares pursuant to an Award. Each Participant is advised to consult with his or her own attorney, accountant and/or tax advisor regarding the tax consequences of any Award. Moreover, by accepting and/or exercising any Award, a Participant irrevocably acknowledges that the Company shall have no responsibility to take or refrain from taking any actions in order to achieve any particular tax result for the Participant.

23. Effective and Termination Dates

The Plan shall become effective on the date it is first approved by shareholders by a majority of the votes cast by the holders of Common Shares at a meeting called for such purpose. The Plan shall continue in effect until (i) October 27, 2020, (ii) such earlier date established by the Board pursuant to Section 11, or (iii) such later date as may be approved in the future by the Board and the Company's shareholders. Notwithstanding the foregoing, any Awards granted under the Plan prior to its termination shall remain outstanding in accordance with the terms of such Awards.

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IMPORTANT ANNUAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by Monday, October 26, 2015 (Thursday, October 22, 2015 for Retirement Savings Plan or Supplemental Defined Contribution Plan participants).

Vote by Internet

Go to www.investorvote.com/AIT

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. x **Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA,

US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Annual Meeting Proxy Card/Instruction Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

A Proposals The Board of Directors recommends a vote **FOR** the listed nominees and **FOR** Proposals 2, 3 and 4.

1. To elect	+
Directors:	For Withhold
01 - Peter A. Dorsman	For Withhold
02 - Vincent K. Petrella	For Withhold
03 - Dr. Jerry Sue Thornton	For Withhold

	For	Against	Abstain		For	Against	Abstain
2. Say on Pay - To approve, through a nonbinding advisory vote, the compensation of Applied's named executive officers.			" " "	3. To approve the 2015 Long-Term Performance Plan.	"	"	"
4. To ratify the Audit Committee's appointment of independent auditors.			" " "	In their discretion, the proxies are authorized to vote on such other business as may properly come before the meeting.			

B Non-Voting Items

Change of Address Please print new address below.

C Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

/ / 2015

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CONSIDER RECEIVING FUTURE APPLIED INDUSTRIAL TECHNOLOGIES, INC. PROXY MATERIALS VIA THE INTERNET!

Consider receiving future Applied Industrial Technologies, Inc. proxy notifications in electronic form rather than in print form. While voting via the Internet, just provide your e-mail address where indicated and click the box to give your consent. Electronic delivery saves Applied a significant portion of the costs associated with printing and mailing annual meeting materials. If you consent to electronic delivery of meeting materials, you will receive an e-mail with links to all annual meeting materials and to the online proxy voting site for every annual meeting. If you do not consent to electronic delivery, you will continue to receive the proxy notification in the mail.

Accessing the Applied Industrial Technologies, Inc. annual report and proxy materials via the Internet may result in charges to you from your Internet service provider and/or telephone companies.

DIRECTIONS TO MEETING

You may access directions to attend the meeting at www.investorvote.com/AIT.

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IF NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THIS PORTION IN THE ENCLOSED ENVELOPE. q

Proxy/Instruction Card Applied Industrial Technologies, Inc.

Proxy Solicited on Behalf of the Board of Directors

The undersigned appoints Neil A. Schrimsher and Mark O. Eisele, and each of them, as proxies, with full power of substitution, to attend the Annual Meeting of Shareholders of Applied Industrial Technologies, Inc., on October 27, 2015, and any adjournments, and to represent and vote the shares which the undersigned is entitled to vote on the following matters as directed on the reverse side.

When properly executed, these instructions will be voted in the manner directed on the reverse side of this card; if you do not provide direction, this proxy will be voted FOR all nominees and FOR Proposals 2, 3 and 4.

NOTICE TO PARTICIPANTS IN THE RETIREMENT SAVINGS PLAN
AND/OR SUPPLEMENTAL DEFINED CONTRIBUTION PLAN

This card also constitutes voting instructions for participants in the Applied Industrial Technologies, Inc. Retirement Savings Plan and/or Supplemental Defined Contribution Plan. A participant who signs on the reverse side hereby instructs Wells Fargo Bank, N.A., Trustee, to vote all the shares of Applied's common stock allocated to the participant's account(s) in the plan(s) and any shares not otherwise directed under the Retirement Savings Plan, at the Annual Meeting of Shareholders. If no voting instructions are provided on a properly executed card, the shares will be voted FOR all nominees and FOR Proposals 2, 3 and 4.

If you vote by telephone or the Internet, please DO NOT mail back this proxy card.

YOUR VOTE IS IMPORTANT!

PLEASE VOTE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE

OR VOTE BY TELEPHONE OR INTERNET PURSUANT TO THE INSTRUCTIONS ON THE REVERSE.

SEE REVERSE SIDE

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IMPORTANT ANNUAL MEETING INFORMATION

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

x

Annual Meeting Proxy Card/Instruction Card

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

A Proposals The Board of Directors recommends a vote **FOR** the listed nominees and **FOR** Proposals 2, 3 and 4.

1. To elect Directors:	For	Withhold		For	Withhold		For	Withhold
01 - Peter A. Dorsman	..	..	02 - Vincent K. Petrella	..	..	03 - Dr. Jerry Sue Thornton	..	..
								+

	For	Against	Abstain		For	Against	Abstain
2. Say on Pay - To approve, through a nonbinding advisory vote, the compensation of Applied's named executive officers.	..	..	..	3. To approve the 2015 Long-Term Performance Plan.	..	..	..

4. To ratify the Audit Committee's appointment of independent auditors.	In their discretion, the proxies are authorized to vote on such other business as may properly come before the meeting.
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B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) below.	Please print date	Signature 1 within the box.	Please keep signature within the box.	Signature 2 within the box.	Please keep signature within the box.
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CONSIDER RECEIVING FUTURE APPLIED INDUSTRIAL TECHNOLOGIES, INC. PROXY MATERIALS VIA THE INTERNET!

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DIRECTIONS TO MEETING

You may access directions to attend the meeting at www.investorvote.com/AIT.

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

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Proxy Solicited on Behalf of the Board of Directors

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When properly executed, these instructions will be voted in the manner directed on the reverse side of this card; if you do not provide direction, this proxy will be voted FOR all nominees and FOR Proposals 2, 3 and 4.

NOTICE TO PARTICIPANTS IN THE RETIREMENT SAVINGS PLAN

AND/OR SUPPLEMENTAL DEFINED CONTRIBUTION PLAN

This card also constitutes voting instructions for participants in the Applied Industrial Technologies, Inc. Retirement Savings Plan and/or Supplemental Defined Contribution Plan. A participant who signs on the reverse side hereby instructs Wells Fargo Bank, N.A., Trustee, to vote all the shares of Applied's common stock allocated to the participant's account(s) in the plan(s) and any shares not otherwise directed under the Retirement Savings Plan, at the Annual Meeting of Shareholders. If no voting instructions are provided on a properly executed card, the shares will be voted FOR all nominees and FOR Proposals 2, 3 and 4.

YOUR VOTE IS IMPORTANT!

PLEASE VOTE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

SEE REVERSE SIDE

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IMPORTANT ANNUAL MEETING INFORMATION

IMPORTANT SHAREHOLDER MEETING INFORMATION

Vote by Internet

YOUR VOTE COUNTS!

Go to
www.investorvote.com/AIT

Or scan the QR code with your
smartphone

Follow the steps outlined on the
secure website

Shareholder Meeting Notice

Important Notice Regarding the Availability of Proxy Materials for the

Applied Industrial Technologies, Inc. Annual Meeting of Shareholders to be Held on October 27, 2015

Under Securities and Exchange Commission rules, you are receiving this notice that the proxy materials for the annual shareholders meeting are available on the Internet. Follow the instructions below to view the materials and vote online or request a copy. The items to be voted on and location of the annual meeting are on the reverse side. Your vote is important!

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting. The proxy statement and annual report to shareholders are available at:

Easy Online Access A Convenient Way to View Proxy Materials and Vote

When you go online to view materials, you can also vote your shares.

Step 1: Go to www.investorvote.com/AIT.

Step 2: Click the **View** button(s) to access the proxy materials.

Step 3: Return to the investorvote.com window and follow the instructions on the screen to log in.

Step 4: Make your selection as instructed on each screen to select delivery preferences and vote.

When you go online, you can also help the environment by consenting to receive electronic delivery of future materials.

Obtaining a Copy of the Proxy Materials If you want to receive a paper or e-mail copy of these documents, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy as instructed on the reverse side on or before October 19, 2015 to facilitate timely delivery.

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Shareholder Meeting Notice

The Applied Industrial Technologies, Inc. Annual Meeting of Shareholders will be held on October 27, 2015, at 10:00 a.m. ET, at Applied's corporate headquarters, 1 Applied Plaza, East 36th Street and Euclid Avenue, Cleveland, Ohio 44115.

Proposals to be voted on at the meeting, or any adjournments, are listed below along with the recommendations of the Board of Directors.

The Board of Directors recommends a vote **FOR** the listed nominees and **FOR** Proposals 2, 3 and 4.

1. To elect Directors:

01 - Peter A. Dorsman, 02 - Vincent K. Petrella, 03 - Dr. Jerry Sue Thornton

2. Say on Pay - To approve, through a nonbinding advisory vote, the compensation of Applied's named executive officers.

3. To approve the 2015 Long-Term Performance Plan.

4. To ratify the Audit Committee's appointment of independent auditors.

In their discretion, the proxies are authorized to vote on such other business as may properly come before the meeting.

PLEASE NOTE YOU CANNOT VOTE BY RETURNING THIS NOTICE. To vote your shares you must vote online by Thursday, October 22, 2015, or request a paper copy of the proxy materials to receive a proxy card. If you wish to attend and vote at the meeting, please bring this notice with you.

You may access directions to attend the meeting at www.investorvote.com/AIT.

Here's how to order a copy of the proxy materials and select a future delivery preference:

Paper copies: Current and future paper delivery requests can be submitted via the telephone, Internet or e-mail options below.

E-mail copies: Current and future e-mail delivery requests must be submitted via the Internet following the instructions below. If you request an e-mail copy of current materials you will receive an e-mail with a link to the materials.

PLEASE NOTE: You must use the number in the shaded bar on the reverse side when requesting a set of proxy materials.

- g **Internet** Go to www.investorvote.com/AIT. Follow the instructions to log in and order a paper or e-mail copy of the current meeting materials and submit your preference for e-mail or paper delivery of future meeting materials.
- g **Telephone** Call us free of charge at 1-866-641-4276 using a touch-tone phone and follow the instructions to log in and order a paper copy of the materials by mail for the current meeting. You can also submit a preference to receive a paper copy for future meetings.
- g **Email** Send e-mail to investorvote@computershare.com with Proxy Materials Applied Industrial Technologies, Inc. in the subject line. Include in the message your full name and address, plus the number located in the shaded bar on the reverse, and state in the e-mail that you want a paper copy of current meeting materials. You can also state your preference to receive a paper copy for future meetings.

To facilitate timely delivery, all requests for a paper copy of the proxy materials must be received by October 19, 2015.

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