

CULLEN FROST BANKERS INC
 Form 4
 March 03, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 ESCOBEDO RUBEN M

2. Issuer Name and Ticker or Trading Symbol
 CULLEN FROST BANKERS INC [CFR]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 100 WEST OLMOS DRIVE, SUITE 104
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 03/02/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

SAN ANTONIO, TX 78212

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock, \$0.01 par value	03/02/2006		M	4,000 A \$ 26.88	7,425	D	
Common Stock, \$0.01 par value	03/02/2006		M	3,000 A \$ 26.625	10,425	D	
Common Stock, \$0.01 par					425	I	By Spouse (1)

value

Common
Stock,
\$0.01 par
value

2,150 I

Joint
Tenants ⁽²⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option (right to buy)	\$ 26.88	03/02/2006		M	4,000	07/28/1998 07/28/2008	Common Stock	4,000
Stock Option (right to buy)	\$ 26.625	03/02/2006		M	3,000	07/27/1999 07/27/2009	Common Stock	3,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ESCOBEDO RUBEN M 100 WEST OLMOS DRIVE SUITE 104 SAN ANTONIO, TX 78212	X			

Signatures

/s/ Ruben M.
Escobedo

03/03/2006

__Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Mr. Escobedo disclaims beneficial ownership of these shares.
 - (2) Shared voting and investment power with spouse.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.