FORM DEF 14A

Definitive proxy statements

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CULLEN FROST BANKERS INC

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SCHEDULE 14A
(RULE 14A-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the registrant /X/
Filed by a party other than the registrant / /
Check the appropriate box:
/ / Preliminary proxy statement
/X/ Definitive proxy statement
/ / Definitive additional materials
/ / Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

CULLEN/FROST BANKERS, INC.

(Name of Registrant as Specified in Its Charter)

DIANE JACK

(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):
/X/ $125 per Exchange Act Rule 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2).
/ / $500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).
/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transactions applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:(1)

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(4) Proposed maximum aggregate value of transaction:

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(3) Filing party:

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(4) Date filed:

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(1) Set forth the amount on which the filing fee is calculated and state how it was determined.

[CULLEN/FROST BANKERS, INC.]

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 17, 1994

To the Shareholders of

CULLEN/FROST BANKERS, INC.:

The Annual Meeting of Shareholders of Cullen/Frost Bankers, Inc. ("Cullen/Frost") will be held in the Commanders Room at The Frost National Bank of San Antonio, 100 West Houston Street, San Antonio, Texas, on Tuesday, May 17, 1994, at 10:00 a.m., San Antonio time, for the following purposes:

1. To elect 19 directors to serve during the ensuing year or until their successors are elected and have qualified;

2. To consider and vote upon the selection of Ernst & Young to act as independent auditors of Cullen/Frost for the fiscal year that commenced January 1, 1994, and

3. To transact such other business as may properly come before the meeting or any adjournments thereof.

Only stockholders of record at the close of business on March 25, 1994, are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

HOLDERS OF A MAJORITY OF THE OUTSTANDING SHARES MUST BE PRESENT EITHER IN PERSON OR BY PROXY IN ORDER TO HOLD THE MEETING. TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, PLEASE PROMPTLY MARK, SIGN, DATE AND MAIL THE ENCLOSED PROXY IN THE POSTAGE PREPAID ENVELOPE PROVIDED FOR THIS PURPOSE.

All shareholders are cordially invited to attend the annual meeting.

By Order of the Board of Directors

DIANE JACK
Corporate Secretary

Dated: April 4, 1994

[CULLEN/FROST BANKERS, INC.]

PROXY STATEMENT FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 17, 1994

SOLICITATION AND REVOCATION OF PROXY

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Cullen/Frost Bankers, Inc. ("Cullen/Frost" or the "Company") of proxies to be used at the Annual Meeting of Shareholders. The meeting is scheduled to be held on May 17, 1994, in accordance with the attached notice. This Proxy Statement and the accompanying proxy card are being mailed to shareholders beginning on or about April 4, 1994.

Cullen/Frost will bear the cost of solicitation of proxies for the Annual Meeting. In addition to solicitation by mail, the directors, officers and employees of Cullen/Frost may solicit proxies by telephone, telegram or in person. Cullen/Frost also has retained Georgeson & Co., Inc. to assist in the solicitation of proxies, for a fee of approximately $6,500 plus out-of-pocket expenses. Brokers, nominees, fiduciaries and other custodians have been requested to forward proxy soliciting material to the beneficial owners of Cullen/Frost Common Stock, and Cullen/Frost will reimburse them for their out-of-pocket expenses.

All shares of Cullen/Frost Common Stock represented by properly executed proxies, if returned in time, will be voted at the meeting in accordance with the instructions indicated thereon. If no direction is given, proxies will be voted for the election as directors of the nominees referred to in Item 1 of the Proxy Statement; in favor of the proposal described in Item 2 of it, and in the discretion of persons named on the proxy in connection with any other business that may properly come before the meeting. Shares represented by properly executed proxies, if returned in time, will be counted for purposes of determining the number of shares present and voted at the meeting, even if authority to vote on any particular matter is withheld. A shareholder may revoke a proxy at any time before it is voted by delivering written revocation notice at the Company's principal executive office to the Secretary of Cullen/Frost, Ms. Diane Jack, 100 West Houston Street, San Antonio, Texas 78205. A shareholder who attends the meeting may vote by ballot at the meeting if desired, and such vote will cancel any proxy vote previously given.

VOTING OF SECURITIES

The only class of voting securities of Cullen/Frost outstanding and entitled to vote at the meeting is Common Stock, par value $5.00 per share. On March 25, 1994, the record date for determining shareholders of Cullen/Frost entitled to vote at the meeting, there were outstanding 11,031,723, each entitled to one vote. Action to be taken on the above items will be determined by a majority of the shares of Common Stock present and voted. Proxies which are marked "abstain" will not be counted in determining whether a majority vote was obtained.

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ELECTION OF DIRECTORS
(ITEM 1 ON PROXY CARD)

A total of 19 directors are to be elected at the Annual Meeting of Shareholders, each to hold office until the next Annual Meeting or until his successor is elected and qualified. Unless otherwise indicated, the proxies will be voted for the election of the nominees listed below. Although Cullen/Frost management does not contemplate that any nominee will be unable to serve, if such a situation arises prior to or at the meeting, the persons named in the accompanying proxy will vote in accordance with their best judgment unless otherwise instructed. All nominees are currently members of the Board.

Below is biographical information about each nominee, including his age, recent business experience and/or position with the Company. Also included is information on the nominees' ownership of Cullen/Frost Common Stock.

<TABLE>
<CAPTION>

				SHARES OWNED(1)	
NOMINEE	AGE	PRINCIPAL OCCUPATION	DIRECTOR SINCE	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
<S>	<C>	<C>	<C>	<C>	<C>
Isaac Arnold, Jr.........	58	Oil, real estate, investments	1977	25,178(5)	.23
Henry E. Catto...........	63	Partner, Catto & Catto Insurance; former Director, U.S. Information Agency; former U.S. Ambassador to Great Britain, and former Vice Chairman, H&C Communications	1993	5,000	.05
Harry H. Cullen..........	58	Oil, real estate, investments	1993(2)	70,986(6)	.65
Roy H. Cullen............	64	Oil, real estate, investments	1977	28,549(7)	.26
Richard W. Evans, Jr.....	47	Chief Banking Officer of Cullen/Frost; Chairman of the Board and Chief Executive Officer of Frost Bank, a Cullen/Frost Subsidiary	1993	32,273(8)	.29
W. N. Finnegan, III......	68	Attorney, oil and gas consultant, R. E. Smith Interests, Inc.	1977	12,945(9)	.12
Joseph H. Frost..........	53	Investments	1980	39,696	.36
T. C. Frost..............	66	Chairman of the Board and Chief Executive Officer of Cullen/Frost	1966	328,512(8)	2.98

James W. Gorman, Jr......	63	Oil, real estate, and investments	1987	4,300	.04
James L. Hayne...........	60	Managing partner of Catto & Catto (insurance)	1977	4,899	.04
Harris L. Kempner, Jr....	54	President of Kempner Capital Management, Inc. (money management services) and Chairman Emeritus of the Board of United States National Bank of Galveston ("United States National Bank," a Cullen/Frost subsidiary)	1983	73,557(10)	.67

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(Table continued on following page)

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<TABLE>
<CAPTION>

NOMINEE	AGE	PRINCIPAL OCCUPATION	DIRECTOR SINCE	SHARES OWNED(1) AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	SHARES OWNED(1) PERCENT OF CLASS
<S>	<C>	<C>	<C>	<C>	<C>
Richard M. Kleberg III...	51	Investments	1992	1,100	.01
Quincy Lee..............	78	Real estate development and investments	1974(3)	256	.00
Robert S. McClane........	54	President and Chief Administrative Officer of Cullen/Frost	1985	32,100(8)	.29
J. Gordon Muir, Jr.......	52	Vice Chairman of Cullen/Frost	1979	11,542(8)	.11
William B. Osborn, Jr....	74	Oil and gas producer	1977	5,562	.05
Robert G. Pope...........	58	Former Vice Chairman of Southwestern Bell Corporation; former President and Chief Executive Officer of Southwestern Bell Telephone Company; former Director, Boatmen's Bancshares	1993	500	.01
Herman J. Richter........	76	Chairman of the Board of Richter's Bakery (wholesale bakery)	1978(4)	10,723(11)	.10
Curtis Vaughan, Jr.......	66	Chairman of the Board of Vaughan & Sons, Inc. (manufacturer and distributor of building materials and real estate development)	1980	5,698	.05

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(1) Unless otherwise indicated, beneficial ownership is as of December 31, 1993, and the owners have sole voting and investment power for the shares of Cullen/Frost Common Stock reported. The number of shares of Cullen/Frost Common Stock beneficially owned by all directors, nominees and named executive officers as a group is disclosed on page 12 of this Proxy Statement.

(2) Also served as a director of Cullen Bank, a former Cullen/Frost subsidiary,

from 1969 to 1993.

(3) Also served as a director from 1968 to 1972.

(4) Also served as a director from 1971 to 1972.

(5) Includes 21,186 shares for which Mr. Arnold has shared voting and investment power with others.

(6) Includes 26,532 shares for which Mr. Harry Cullen has shared voting and investment power with Mr. Roy Cullen and others.

(7) Includes 26,532 shares for which Mr. Roy Cullen has shared voting and investment power with Mr. Harry Cullen and others. Also includes 1,304 shares for which Mr. Roy Cullen has shared voting and shared investment power with others.

(8) Includes the following shares allocated under the 401(k) Stock Purchase Plan for Employees of Cullen/Frost Bankers, Inc., for which the beneficial owners have sole voting but no investment power -- Mr. T. C. Frost 9,106, Mr. McClane 5,047, Mr. Evans 6,288, and Mr. Muir 4,669.

(9) Includes 1,932 shares for which Mr. Finnegan has shared voting and investment power with others.

(10) Includes 73,557 shares for which Mr. Kempner, Jr. has shared voting and investment power with others.

(11) Includes 5,162 shares for which Mr. Richter has shared voting and investment power with others.

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Except for the relationships noted in the preceding table or below, no nominee has had any other principal occupation or employment with Cullen/Frost or any of its subsidiaries within the last five years. Each nominee has been engaged in the above principal occupations for at least five years.

The following are directorships held by nominees in companies (other than Cullen/Frost) with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of such Act or registered as an investment company under the Investment Company Act of 1940, as amended: Mr. Arnold -- Nuevo Energy Company; Mr. Harry Cullen -- Pennzoil Co.; Mr. T. C. Frost -- Southwestern Bell Corporation; Mr. Kempner, Jr. -- American Indemnity Financial Corporation, Imperial Holly Corporation and Texas-New Mexico Power Company; and Mr. Kleberg -- Abraxas Petroleum Corporation.

Each Cullen/Frost director is scheduled to serve as such until the next Annual Meeting of Shareholders or until his successor is elected and qualified. There are no arrangements or understandings between any nominee or director of Cullen/Frost and any other person pursuant to which he was or is to be selected as a director nominee.

The only family relationships among the directors or executive officers of Cullen/Frost which are first cousin or closer are those of Mr. Henry Catto and Mrs. James L. Hayne, who are first cousins; Messrs. Harry Cullen and Roy Cullen, who are brothers; and the Cullen brothers and Mr. Arnold, who are first cousins.

GENERAL INFORMATION ABOUT THE BOARD OF DIRECTORS

The Cullen/Frost Board of Directors has four regularly scheduled, quarterly meetings each year. The Board has Executive, Audit, Compensation and Benefits, and Strategic Planning Committees. The Committees' functions and current members are:

Executive Committee: This Committee acts for the Board of Directors between meetings of the Board, except to the extent limited by resolutions of the Board, by the Bylaws of Cullen/Frost or Texas law. Current members are T. C. Frost, Robert S. McClane, Richard W. Evans, Jr. and J. Gordon Muir, Jr.

Audit Committee: The Audit Committee is composed of outside (non-employee) directors. It reviews the scope and results of the annual audit by the independent auditors, Ernst & Young, and it also reviews their performance of non-audit services and considers whether the performance of such services will have any effect on their independence. The Committee recommends its choice for independent auditors to the Board of Directors. The Committee also monitors regulatory examinations, the level of criticized assets, adequacy of loan loss reserves, and the reports of internal audit and loan review at each subsidiary of Cullen/Frost. It also reviews the financial reporting practices and the internal audit, loan review, compliance, and appraisal functions for Cullen/Frost. Current members are W. N. Finnegan III, Isaac Arnold, Jr., Quincy Lee, Richard M. Kleberg III, and Herman Richter.

Compensation and Benefits Committee: The Compensation and Benefits Committee is composed of outside (non-employee) directors. It makes recommendations to the Board of Directors about compensation for certain officers of Cullen/Frost. (See the "Report of the Compensation and Benefits Committee on Annual Compensation" on page 5). In addition, to ensure consistent administration of company-wide employee benefit plans, the Committee functions as the administrative committee of (i) the Retirement Plan, (ii) the 1983 and 1988 Nonqualified Stock Option Plans, (iii) the Restricted Stock Plan, (iv) the 401(k) Stock Purchase Plan, (v) the 1991 Stock Purchase Plan, and (vi) the 1992 Stock Plan, (vii) the Pre-Tax Benefit Plan, and (viii) the Group Medical and Life Insurance Plan. Current members are Roy H. Cullen, James L. Hayne, James W. Gorman, Jr., and Curtis Vaughan, Jr., John C. Korbell, an Advisory Director of Cullen/Frost, also serves as an Advisory Director to the Compensation and Benefits Committee.

Strategic Planning Committee: The Strategic Planning Committee was appointed to analyze strategic directions for Cullen/Frost in light of competitive conditions; to monitor the corporate mission statement and

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capital planning, and to review short-and long-term goals. Current members are T. C. Frost, Isaac Arnold, Jr., Harris L. Kempner, Jr., Quincy Lee, and Curtis Vaughan, Jr.

Directors' fees are paid by Cullen/Frost on the basis of an annual retainer of $6,000 per calendar year, plus $750 for each meeting attended. Cullen/Frost also pays a fee of $750 per director for participation in any meeting of a committee to which he has been appointed, except for the Chairman of the Audit Committee, who receives $1,500 for each Audit Committee meeting he attends. Directors of Cullen/Frost who also are officers of Cullen/Frost or any of its subsidiaries receive no fees for serving on the Board of Directors or any of its committees.

During 1993, there were six meetings of the Board of Directors, one meeting of the Executive Committee, four meetings of the Audit Committee, three meetings of the Compensation and Benefits Committee, and six meetings of the Strategic Planning Committee. During 1993, all of the directors attended at least 75 percent of the aggregate of the meetings of the Board of Directors and the committees on which they served except for Messrs. Henry Catto, Harry Cullen, Roy Cullen, Joseph Frost, Richard Kleberg, and A. Frank Smith.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

1. BOARD COMPENSATION AND BENEFITS COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation and Benefits Committee of the Board of Directors (the "Committee") is committed to implementing a compensation program which furthers the Company's mission. We, therefore, adhere to the following compensation policies which are intended to facilitate the achievement of the Company's business strategies:

- Compensation levels for each element of pay should be targeted at rates that are reflective of current market practices prevalent in comparable financial organizations. Offering market-comparable pay opportunities allows the Company to attract and maintain a stable, successful management team.

- Executives' total compensation packages should strengthen the relationship between pay and performance with variable, at-risk compensation that is dependent upon the level of success in meeting specified Company and individual performance goals.

- Ownership of the Company's Common Stock by executives should be encouraged to further align executives' interests with those of shareholders and the Company and to promote a continuing focus on building profitability and shareholder value.

- Sustained superior performance by individual executives over a period of years including actions to increase revenues, reduce expenses, enhance service and product quality, improve market share and thereby enhance shareholder value should be rewarded.

To preserve objectivity in the achievement of its goals, the Committee is comprised of four independent, non-employee directors and one independent, non-employee advisory director. It is the Committee's overall goal to develop compensation policies that are consistent with and linked to strategic business objectives and Company values. The Committee approves the design of, assesses the effectiveness of, and administers executive compensation programs in support of compensation policies. The Committee also reviews all salary arrangements and other remuneration for a limited group of executives, including those named in the Summary Compensation table on page 9.

Each year Comprehensive analysis of competitive market data is provided by an independent compensation consultant engaged by and responsible to the Committee. The data provided compare the Company's compensation practices and programs to a group of comparator companies. This group of comparator companies is comprised of companies who have business operations, total assets, market capitalizations and

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lines of business similar to those of the Company. The Committee reviews the selection of companies used for compensation comparison purposes.

These comparator companies include but are not limited to the companies included in the Standard & Poor's Major Regional Bank Index. The Standard & Poor's Major Regional Bank Index was also used for the comparison of total shareholder return shown in the Performance Graph on page 13.

The key elements of the Company's executive compensation are base salary and long-term compensation. These key elements are addressed separately below. In determining compensation, the Committee considers all elements of an executive's total compensation package, including severance plans, insurance, and other benefits.

BASE SALARIES

Base salaries constituted approximately 86% of total executive compensation for 1993. The Committee believes that the demonstration of superior abilities and performance by individual employees should be rewarded, in part, through salary reviews. The Committee reviews the base salary of each of the five highest-paid executives on an annual basis.

Base salaries may be adjusted after an evaluation of each executive's performance in conjunction with a review of the median base pay received by other individuals holding similar positions in the Company's comparator group. Following the determination of the market-based pay, each officer's individual performance, achievements, and contributions to the growth of the Company are evaluated subjectively in determining the individual's salary. Finally, the overall performance and needs of the Company are examined and salaries may be adjusted in response to the need to attract and retain appropriate officers. The Company places no specific weights on the factors used in determining base salary levels.

Based on the factors listed above, base salaries approximated median market levels of comparator companies in 1993, and merit increases were made at a rate comparable to the increases provided at other companies. The Company made limited bonus awards in 1993, which resulted in the level of total cash compensation being below the median for comparable companies.

In determining Mr. Frost's base salary for 1993, the Committee considered the Company's overall financial performance for the year, Mr. Frost's individual performance and long-term contributions to the success of the Company, and base salaries of CEOs at comparator companies. Mr. Frost's base salary was increased for 1993 by $32,500 (8.8%) to $400,000. Overall, Mr. Frost's salary was increased at a rate comparable to increases provided at other companies and maintains his salary at an appropriate market level.

ANNUAL INCENTIVES

In 1993, the Company did not maintain a formal annual incentive plan for executives and, as discussed below, elected to emphasize long-term incentives as the means of providing compensation which is "at risk." Selected executives may receive cash payments in lieu of base salary adjustments or in recognition of outstanding contributions, and during 1993 three senior executives received such a payment. The largest of these awards was 10.7% of the individual's base salary.

LONG-TERM INCENTIVES

The Committee believes that executive compensation should be dependent upon the performance of the Company as a whole as well as the performance of individual executives. Long-term incentives are provided pursuant to the Company's 1992 Stock Plan approved by the shareholders.

In keeping with the Company's commitment to provide a total compensation package which includes at-risk components of pay, long-term incentives constituted approximately 14% of an executive's total compensation package in 1993.

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When awarding long-term incentives, the Committee considers executives' levels of responsibility, prior experience, historical award data, individual performance, and compensation practices at comparator companies. The Committee's objective is to provide executives with targeted long-term incentive award opportunities that approximate median levels at comparator companies.

STOCK OPTIONS

Non-qualified stock options are granted at an option price not less than the fair market value of the Common Stock on the date of grant. Accordingly, the value of stock options is tied to appreciation in the stock price from the date the options are granted. This design focuses executives on the creation of shareholder value over the long term and encourages equity ownership in the Company. Stock options are used as the primary long-term incentive vehicle.

The size of stock option grants is determined based on a percentage of annualized base salary. The size of the award can be adjusted based on the Committee's subjective valuation of individual factors and historical award data. The Compensation and Benefits Committee's objective is to deliver a competitive award opportunity based on the dollar value of the award granted. As a result, the number of stock options awarded varies from year to year and is dependent on the stock price on the date of grant.

In 1993, Mr. Frost received options to purchase 14,300 shares with an exercise price of $35.50 as is detailed in the table on page 10. The grant approximated the median level of comparator companies. Mr. Frost now has beneficial ownership of 328,512 shares of the Company's common stock and with the 1993 grant holds options to purchase an additional 51,001 shares. Mr. Frost's stock option grant was in keeping with the Committee's intent to place emphasis on long-term compensation which is tied directly to the success of the Company and, correspondingly, that of shareholders.

RESTRICTED STOCK

Restricted stock provides executives with an immediate link to shareholder interests and, due to vesting requirements, enhances the Company's ability to maintain a stable executive team, focused on the Company's long-term success.

In 1993, the Company granted 4,988 restricted stock shares to executive officers which included 1,560 restricted stock shares to Mr. Frost. This is representative of awards in previous years as evidenced by the Summary Table on page 9 and is consistent with compensation practices at comparator companies.

TAXATION PHILOSOPHY

Recently enacted Section 162(m) of the Internal Revenue Code generally limits the corporate deduction for compensation paid to the Chief Executive Officer and the four other most highly compensated executive officers unless the compensation is performance-based. One condition to qualify compensation as performance-based is to establish the amount of the award on an objective formula that precludes any discretion.

The Committee has carefully considered the impact of this new tax code provision on the Company's incentive plans and has determined that Section 162(m) is currently inapplicable because no named executive officer receives compensation in excess of $1 million. Thus, the Committee believes it is in the Company's and shareholder's best interests to retain the Committee's discretionary evaluation of individual performance at this time.

CONCLUSION

The Committee believes these executive compensation policies and programs serve the interests of shareholders and the Company effectively. The various pay vehicles offered are appropriately balanced to provide increased motivation for executives to contribute to the Company's overall future successes, thereby enhancing the value of the Company for the shareholder's benefit.

The Committee will continue to monitor the effectiveness of the Company's total compensation program to meet the current needs of the Company.

Roy H. Cullen
James W. Gorman, Jr.
James L. Hayne
John C. Korbell (Advisory Director)
Curtis Vaughan, Jr.

2. COMPENSATION AND BENEFITS COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION DECISIONS

During 1993, Cullen/Frost and some of its subsidiary banks had customary business and banking transactions, including outstanding loans, with certain of the Company's directors serving on the Compensation and Benefits Committee. These transactions include the following:

1. The principal offices of Frost National Bank's Cullen Center branch are leased on a long-term basis from Cullen Center, Inc., and its motor bank and convenience center are leased on a long-term basis from Dresser-Cullen Venture, a Texas joint venture. During 1993, lease payments of $1,501,020 and $171,286 were made to Cullen Center, Inc. and Dresser-Cullen Venture, respectively. Cullen Center, Inc. is a 50 percent participant in Dresser-Cullen Venture. Mr. Roy Cullen, a Cullen/Frost director, owns capital stock, of approximately 13 percent, and is a director of Cullen Center, Inc.

2. Cullen/Frost and some of its subsidiaries have policies of insurance written through Catto & Catto, an insurance agency of which Mr. Hayne, a Cullen/Frost director, is a partner. Fees paid by Cullen/Frost and its subsidiaries aggregated less then five percent of the total gross revenues of Catto & Catto for its fiscal year ended December 31, 1993.

All of the above transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than normal risk of collectibility or present other unfavorable features. Additional transactions in the future may be expected to take place with the subsidiary banks in the ordinary course of business.

Also, a loan originally established in the ordinary course of business with a subsidiary bank and related to a director since has been reclassified as other assets. Summit Joint Venture II, of which Mr. Vaughan, a Cullen/Frost director, is a limited partner, has debt to Frost Bank which was originated to finance the purchase and development of real estate. The largest amount outstanding during 1993 was $3,894,936, and the balance was $3,239,218 as of March 2, 1994. Interest is being charged at a floating prime rate plus one percent.

In the opinion of management all of the above described transactions were effected on terms comparable to those available to unaffiliated parties.

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3. SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

Shown below is information about annual and long-term compensation for the past three fiscal years for services in all capacities to Cullen/Frost and its subsidiaries of the Chief Executive Officer and the other five most highly compensated executive officers (the "named executive officers"):

SUMMARY COMPENSATION TABLE

<TABLE>
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		ANNUAL COMPENSATION			LONG-TERM COMPENSATION		
NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION(1)	RESTRICTED STOCK AWARDS(2)	SECURITIES UNDERLYING OPTIONS /SARS (SHARES)(3)	ALL OTHER COMPEN-SATION(4)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
T. C. Frost	1993	$400,000	$ 0	$10,570	$55,380	14,300	$56,976
Chairman and CEO of	1992	$372,917	$ 0	$10,876	$ 0	8,706	$55,351
Cullen/Frost	1991	$352,917	$ 0	--	$73,500	33,075	--
Robert S. McClane	1993	$280,000	$30,000	$ 6,389	$39,050	9,300	$21,983
President and Chief Administrative	1992	$247,917	$ 0	$ 6,152	$ 0	6,204	$19,478
Officer of Cullen/Frost	1991	$231,917	$ 0	--	$48,300	19,561	--
Richard W. Evans, Jr.	1993	$257,083	$30,000	$ 5,647	$39,050	9,300	$18,435
Chief Banking Officer of Cullen/Frost	1992	$226,250	$ 0	$ 5,393	$ 0	4,191	$16,244
Chairman and CEO of Frost Bank	1991	$211,750	$ 0	--	$30,072	15,876	--
J. Gordon Muir, Jr.	1993	$220,000	$ 0	$ 4,574	$ 0	2,500	$17,285
Vice Chairman of Cullen/Frost	1992	$203,333	$20,000	$ 5,333	$ 0	2,541	$17,180
	1991	$200,000	$20,000	--	$30,000	14,399	--
Kenneth A. Trapp	1993	$190,000	$15,000	$ 3,667	$ 0	4,000	$15,060
Executive Vice President,	1992	$180,417	$ 0	$ 3,933	$ 0	2,513	$14,192
Retail Banking of Frost Bank	1991	$171,417	$ 0	--	$26,772	11,245	--
Phillip D. Green	1993	$150,000	$15,000	$ 2,305	$15,620	3,180	$ 9,920
Executive Vice President and Treasurer	1992	$133,333	$ 0	$ 2,420	$ 0	1,980	$ 8,850
of Cullen/Frost	1991	$120,000	$ 0	--	$19,500	5,849	--

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(1) Represents reimbursement for income taxes on contributions to Cullen/Frost's 1991 Thrift Incentive Stock Purchase Plan (1991 Thrift Plan). The 1991 Thrift Plan was established to provide a comparable benefit to the Company's 401(k) Plan for those executives whose participation in the 401(k) is limited by IRS rules.

(2) Represents the dollar value of restricted stock awards, based on closing market price of Cullen/Frost stock on grant date. The total number of restricted shares held and their aggregate market value at December 31, 1993 were: Mr. Frost, 4,929 shares valued at $173,747; Mr. McClane 3,313 shares valued at $116,783; Mr. Evans, 2,614 shares valued at $92,144; Mr. Muir, 1,374 shares valued at $48,434; Mr. Trapp, 1,225 shares valued at $43,181; and Mr. Green, 1,333 shares valued at $46,988. Aggregate market value is based on a fair market value of $35.25 at December 31, 1993. Dividends are paid on the restricted shares at the same time and at the same rate as dividends paid to shareholders of unrestricted shares. Stock awarded in 1991

and 1993 vests over a four-year period, at 25 percent per year.

(3) 1992 and 1991 awards are adjusted, pursuant to the terms of the respective applicable stock plan, to reflect a 10% stock dividend in 1993.

(4) Represents the total and/or inputed income from certain insurance premiums paid by Cullen/Frost and the Company's contribution to the 1991 Thrift Plan. 1993 and 1992 amounts for insurance premiums were $45,315 and $43,810, respectively. The Company's contribution to the 1991 Thrift Plan was $94,344 in 1993 and $87,485 in 1992.

Cullen/Frost has employee stock option plans under which options to purchase Common Stock are granted to executive officers and other key employees. The table below shows grants during the past year of stock options under the Cullen/Frost Bankers, Inc. 1992 Stock Plan to the named executive officers:

OPTION GRANTS IN LAST FISCAL YEAR(1)

<TABLE>
<CAPTION>

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED	% OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FISCAL YEAR(1)	EXERCISE PRICE	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM 0%	5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
T.C. Frost...........	14,300	12.3%	$35.50(3)	10/18/2003	$ 0	$ 319,258	$ 809,063
Robert S. McClane.....	9,300	8.0%	$35.50	10/18/2003	$ 0	$ 207,630	$ 526,174
Richard W. Evans, Jr.	9,300	8.0%	$35.50	10/18/2003	$ 0	$ 207,630	$ 526,174
J. Gordon Muir, Jr. ..	2,500	2.1%	$35.50	10/18/2003	$ 0	$ 55,814	$ 141,445
Kenneth A. Trapp......	4,000	3.4%	$35.50	10/18/2003	$ 0	$ 89,303	$ 226,311
Phillip D. Green......	3,180	2.7%	$35.50	10/18/2003	$ 0	$ 70,996	$ 179,918
All Shareholders(2)...	N/A	N/A	$35.50	N/A	$ 0	$245,788,704	$622,876,834

</TABLE>

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(1) Based on 116,660 options granted to all employees in 1993.

(2) Shows potential realizable value at assumed annual rates for all shareholders.

(3) Gains on "All Shareholders" assume a base price of $35.50, the market price of the options issued to the named officers.

Shown below is information on stock options exercised during 1993 by each of the named executive officers and the market value at fiscal year-end for remaining options:

AGGREGATED OPTIONS/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

<TABLE>
<CAPTION>

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	TOTAL NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT FISCAL YEAR-END(#)(1) EXERCISABLE	UNEXERCISABLE	TOTAL VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS HELD AT FISCAL YEAR-END($)(2) EXERCISABLE	UNEXERCISABLE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
T.C. Frost...................	--	--	9,000	42,001	$ 196,299	$ 575,528

Robert S. McClane............	--	--	6,004	26,995	$ 131,898	$ 362,338
Richard W. Evans, Jr.	--	--	4,229	22,512	$ 91,517	$ 273,595
J. Gordon Muir, Jr.	--	--	3,899	13,789	$ 89,749	$ 247,449
Kenneth A. Trapp.............	574	$18,500	2,794	13,458	$ 60,692	$ 203,798
Phillip D. Green.............	--	--	1,874	8,624	$ 41,254	$ 110,874

</TABLE>

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(1) Reflects adjustment for 10% stock dividend in 1993.

(2) Total value of options based on a fair market value of Company Stock of $35.25 as of December 31, 1993.

4. OTHER PLANS AND AGREEMENTS

Retirement Plan and Restoration Plan:

Cullen/Frost has a non-contributory Retirement Plan and Trust for Employees of Cullen/Frost Bankers, Inc. and Its Affiliates for eligible employees which is designed to comply with the requirements of the Employee Retirement Income Security Act of 1974. It also has a Restoration Plan which provides benefits in excess of the limits under Section 415 of the Internal Revenue Code and in excess of limits on eligible

earnings set by the Tax Reform Act of 1986; benefits are provided in connection with both the Retirement Plan and a previous employee stock ownership plan. The entire cost of the Retirement and Restoration Plans is provided by Cullen/Frost and its subsidiaries.

The table below shows the anticipated annual benefit, computed on a straight line basis, payable under the Retirement Plan and Restoration Plan upon the normal retirement of a vested executive officer of Cullen/Frost at age 65 after 15, 20, 25, 30, and 35 years of credited service at specified annual compensation levels.

PENSION PLAN TABLE

<TABLE>
<CAPTION>

	YEARS OF SERVICE				
REMUNERATION	15	20	25	30	35
$125,000	$ 48,673	$ 54,081	$ 57,327	$ 61,195	$ 71,395
150,000	59,301	65,940	69,923	74,320	86,707
175,000	69,928	77,798	82,520	87,445	102,020
200,000	80,556	89,657	95,117	100,570	117,332
225,000	81,184	101,515	107,714	113,695	132,645
250,000	101,812	113,374	120,311	126,820	147,957
300,000	123,067	137,090	145,504	153,070	178,582
400,000	165,578	184,524	195,891	205,570	239,832
450,000	186,834	208,241	221,085	231,820	270,457
500,000	208,090	231,958	246,279	258,070	301,082

</TABLE>

The Retirement Plan was revised effective January 1, 1993 to provide a monthly benefit based on a percentage of an eligible employee's final average Compensation and years of service. An eligible employee's Retirement Benefit will be the greater of the employee's benefit accrued under the prior provisions of the plan up to December 31, 1992 or the benefits determined by the new formula effective January 1, 1993. Included in "Compensation" according to the Retirement Plan are Salary, Overtime, Bonuses, Commissions and wages deferred for the Company 401(k) Plan or used to pay medical premiums and expenses under the company Pre Tax Plan (IRS section 125 Plan). Participants in the Plan are fully vested in their accrued benefits under the Plan upon attaining age 65 or after five years of service, whichever occurs first. Death benefits are provided to married participants who have completed five years of service. Normal retirement is at age 65 but early retirement is available starting at age 55.

Early Retirement benefits are reduced on an actuarial basis. The benefit amounts listed in the table represent amounts payable from the plans and are not subject to any additional deduction for social security benefits or other offset amounts.

The years of credited service under the Retirement Plan as of December 31, 1993 for each person named in the Summary Compensation Table on page 9 are: Mr. T. C. Frost -- 44 years; Mr. McClane -- 31 years (41 -- years at age 65); Mr. Evans -- 23 years (40 years at age 65); Mr. Muir -- 19 years (32 years at age 65); Mr. Trapp -- 25 years (38 years at age 65); and Mr. Green -- 13 years (39 years at age 65).

Effective January 1, 1994, the Company adopted a supplemental executive retirement plan (SERP). The plan provides for target retirement benefits, as a percentage of pay, beginning at age 55. The target percentage is 45% of pay at age 55, increasing to 60% at age 60 and later. Benefits under the SERP are reduced, dollar-for-dollar, by benefits received under the Retirement and Restoration Plans, described above, and any social security benefits. Current participants in the SERP are Messrs. McClane and Evans. At current salary levels, at age 60, Mr. McClane would receive $68,000 annually and Mr. Evans would receive $54,000 annually.

Change-in-Control Agreements

Cullen/Frost has entered into change-in-control agreements with the six named executives above and other key employees. The main purposes of these agreements are (i) to help executives evaluate objectively

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whether a potential change-in-control is in the best interests of shareholders, (ii) to help protect against the departure of executives, thus assuring continuity of management, in the event of an actual or threatened merger or change in control, and (iii) to maintain compensation and benefits comparable to those available from competing employers. "Change-in-control" is defined as an acquisition of 20 percent or more of Cullen/Frost Common Stock by an individual, corporation, partnership, group, association or other person; certain changes in the composition of the Board of Directors by 50 percent or more; or certain changes in control which must be reported to the Securities and Exchange Commission.

Under these agreements, each of the six named executives could receive in the event of a change-of-control 50 percent of their annualized base pay (utilizing the calendar year immediately preceding the consummation of a change-in-control) upon the effectiveness of the change-in-control. Furthermore, five of the six executives could receive 2.49 times their average annual compensation during the previous five years and the sixth executive could receive 1.5 times his average annual compensation during the previous five years if their position is terminated within two years following the change-in-control either by Cullen/Frost, if the termination is for reasons other than cause, disability or retirement, or by the covered person if the termination is for good reason. "Good reason" is defined as a significant reduction or change in responsibility, involuntary transfer to a new location, a reduction in compensation or benefits, the failure of any successor to Cullen/Frost to assent to such change-in-control agreement, any purported termination by Cullen/Frost of the covered person without providing such person a proper written notice of termination or, in the case of five of the six executives, their good faith determination, within 90 days of a change-in-control, that as a result of the change-in-control they are not able to discharge their duties effectively. The agreements also provide for a continuation of certain employee benefits for qualifying executives upon a change-in-control.

Assuming that a change-in-control of Cullen/Frost had occurred effective December 31, 1993 and that termination of employment also had occurred on that date, the maximum amounts that would be payable to the named executives are: Mr. T. C. Frost $1,921,048; Mr. McClane $1,172,579; Mr. Evans $1,111,512; Mr. Muir $957,240; Mr. Trapp $697,475; and Mr. Green $344,858; all named executive officers as a group $6,204,712.

5. EXECUTIVE OWNERSHIP

The following table lists the number of shares of Cullen/Frost Common Stock beneficially owned by each of the named executive officers and by all directors, nominees and executive officers of Cullen/Frost as a group:

	SHARES OWNED(1)	
	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(2)	PERCENT OF CLASS
T. C. Frost	328,512	2.98%
Robert S. McClane	32,100	.29
Richard W. Evans, Jr	32,273	.29
J. Gordon Muir, Jr	11,542	.11
Kenneth A. Trapp	8,838	.08
Phillip D. Green	9,902	.09
All directors, nominees and executive officers as group (23 persons)	721,982(3)	6.56%

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(1) Beneficial ownership is as of December 31, 1993.

(Notes continued on following page)

(2) Includes the following shares allocated under the 401(k) Stock Purchase Plan for which the beneficial owners have sole voting but no investment power -- Mr. T. C. Frost 9,106, Mr. McClane 5,047, Mr. Evans 6,288, Mr. Muir 4,669, Mr. Trapp 3,664, and Mr. Green 2,919.

(3) Includes 31,693 shares for which directors, nominees and named executive officers have sole voting but no investment power, 128,370 shares with shared voting and shared investment power with others, and 7,937 shares owned by an advisory director.

PERFORMANCE GRAPH

Below is a performance graph comparing the cumulative total shareholder return on Cullen/Frost Common Stock with the cumulative total return of companies on the Standard & Poor's 500 Stock Index and the Standard & Poor's Major Regional Banks Index.

Measurement Period (Fiscal Year Covered)	Cullen/Frost Bankers, Inc.	S&P 500	S&P Major Regional Bank Index
1988	100	100	100
1989	89	132	122
1990	52	127	87
1991	122	166	156
1992	251	179	199
1993	315	197	210

ASSUMES $100 INVESTED ON 12/31/88. DIVIDENDS ARE REINVESTED.

PRINCIPAL SHAREHOLDERS

At December 31, 1993, the only shareholders known by the management of Cullen/Frost to own beneficially more than five percent of the outstanding shares of Cullen/Frost Common Stock were:

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT, NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Cullen/Frost Bankers, Inc. P. O. Box 1600 San Antonio, Texas 78296	1,175,025(1)	10.67%
GeoCapital Corporation 655 Madison Avenue New York, New York 10021	911,610(2)	8.28%
Trustees of General Electric Pension Trust 3003 Summer Street Stamford, Connecticut 06904	616,960(3)	5.60%

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(1) On December 31, 1994, Cullen/Frost owned no securities of Cullen/Frost for its own account. However, Frost Bank and other Cullen/Frost subsidiary banks held of record in various fiduciary capacities an aggregate of 1,175,025 shares. Frost Bank and these other subsidiaries had sole voting power for 85,045 shares and 68,290 shares, respectively, and shared voting power for 43,013 shares and 1,272 shares, respectively. Frost Bank and the other subsidiaries had sole investment power for 86,677 shares and 65,341 shares, respectively, and shared investment power for 12,062 shares and 3,803 shares, respectively. Frost Bank and the other subsidiaries had both sole voting and investment power for 72,983 shares and 65,121 shares, respectively. All of the shares are held by Cullen/Frost subsidiary banks, each of which has reported that the securities, registered in its name as fiduciary or in the names of various of its nominees, are owned by many separate accounts, each of which is governed by a separate instrument which sets forth the powers of the fiduciary with regard to the securities held.

(2) On December 31, 1993, GeoCapital Corporation held of record an aggregate of 911,610 shares of Cullen/Frost Common Stock with no voting power for any shares and sole investment power for all the shares. GeoCapital has reported that all the securities are held on behalf of its clients who are the actual owners of the shares. (GeoCapital also has reported that, by virtue of their ownership interest in GeoCapital, Messrs. Irwin Lieber and Barry Fingerhut, Officers of GeoCapital, may be deemed to be indirect beneficial owners of the shares which GeoCapital is deemed to own beneficially.)

(3) As of December 31, 1993, the trustees of General Electric Pension Trust (GEPT) held of record an aggregate of 616,960 shares of Cullen/Frost Common Stock with sole voting power and dispositive power. GEPT is a pension fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974.

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TRANSACTIONS WITH MANAGEMENT AND OTHERS

Since January 1, 1993, some of the executive officers and directors of Cullen/Frost, and some of their associates, are and have been customers of one or more of the Cullen/Frost subsidiary banks and have had transactions with these banks in the ordinary course of business. Transactions involving Messrs. Roy Cullen, Hayne and Vaughan are described on page 8, "Compensation and Benefits Committee Interlocks and Insider Participation in Compensation Decisions." Other transactions have included, in addition to borrowings from the subsidiary banks, the following:

1. The principal offices of Frost National Bank's Cullen Center branch

are leased on a long-term basis from Cullen Center, Inc., and its motor bank and convenience center are leased on a long-term basis from Dresser-Cullen Venture, a Texas joint venture. During 1993, lease payments of $1,501,020 and $171,286 were made to Cullen Center, Inc. and Dresser-Cullen Venture, respectively. Cullen Center, Inc. is a 50 percent participant in Dresser-Cullen Venture. Mr. Arnold and Mr. Harry Cullen, Cullen/Frost directors, own capital stock, approximately 38, and 13 percent respectively, and are directors of Cullen Center, Inc.

2. Frost Bank leases its principal office building, known as Frost Bank Tower, from Tower Investors, Ltd., the general partner of which is controlled by Mr. Steve Lee. Also, Frost Bank leases office space in a related parking garage from LSK Partners, Ltd., which is wholly-owned and controlled by Mr. Steve Lee and his associates. During 1993, lease payments of $4,243,666, including subleased space, and $443,954 were made to Tower Investors, Ltd. and LSK Partners, Ltd. respectively. Mr. Steve Lee is the son of Mr. Quincy Lee, a Cullen/Frost director, who has no financial interest in the transactions.

3. Frost Bank's North Frost Center leases its banking premises from Joint Venture Realty, a joint venture of which Mr. Osborn, a Cullen/Frost director, and members of his family are co-venturers. The lease is for a 15-year term and the bank has options to extend the lease for up to three additional five-year periods and options to lease additional space. During 1993, lease payments of $493,804 were made to Joint Venture Realty.

4. Cullen/Frost and some of its subsidiaries have policies of insurance written through Catto & Catto, an insurance agency of which Mr. Catto, a Cullen/Frost director, is a partner. Fees paid by Cullen/Frost and its subsidiaries aggregated less than five percent of the total gross revenues of Catto & Catto for its fiscal year ended December 31, 1993.

5. During 1993, United States National Bank paid to Kempner Capital Management, Inc., an aggregate of $1,482,971 for investment advisory service. Mr. Kempner, Jr., a Cullen/Frost director, is President of Kempner Capital Management, Inc. and Chairman Emeritus and Advisor to the Board of United States National Bank.

All of the above transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than normal risk of collectibility or present other unfavorable features. Additional transactions in the future may be expected to take place with the subsidiary banks in the ordinary course of business.

Also, a loan originally established in the ordinary course of business with a subsidiary bank and related to a director since been reclassified as other assets. This transaction is described on page 8, "Compensation and Benefits Committee Interlocks and Insider Participation in Compensation Decisions."

In the opinion of management all of the above described transactions were effected on terms comparable to those available to unaffiliated parties.

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SELECTION OF AUDITORS
(ITEM 2 ON PROXY CARD)

The Board of Directors desires to obtain from the shareholders an indication of their approval of the selection of Ernst & Young, certified public accountants, as independent auditors of Cullen/Frost. Accordingly, upon the affirmative vote of a majority of the shares of Cullen/Frost Common Stock present and voted at the meeting, the Board of Directors will adopt a resolution naming Ernst & Young as independent auditors of Cullen/Frost for the fiscal year which commenced January 1, 1994. Ernst & Young has audited the financial statements of Cullen/Frost since 1969.

In the opinion of Cullen/Frost management, the presence of Ernst & Young at the meeting is not necessary to present properly the results of operations of Cullen/Frost. However, if any shareholder desires to submit a question to the independent auditors, management will ensure that the question is transmitted to them and that a prompt written response is made directly to the shareholder.

SHAREHOLDER PROPOSALS

With respect to the 1995 Annual Meeting of Shareholders, any shareholder's proposal for inclusion in the Proxy Statement for that meeting must be received by Cullen/Frost at its principal offices not later than January 31, 1995.

OTHER MATTERS

Management of Cullen/Frost knows of no other business to be presented at the meeting, but if other matters do properly come before the meeting, unless otherwise instructed, it is intended that the persons named in the proxy will vote shares according to their best judgment.

By Order of the Board of Directors

DIANE JACK
Corporate Secretary

Dated: April 4, 1994

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PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR ANNUAL MEETING
OF CULLEN/FROST BANKERS, INC.

The undersigned hereby revoking all proxies previously granted, appoints ROY H. CULLEN, T. C. FROST and ROBERT S. McCLANE, and each of them, with power of subsitution, as proxy of the undersigned, to attend the Annual Meeting of Shareholders of Cullen/Frost Bankers, Inc. on May 17, 1994, and any adjournments thereof, and to vote the number of shares the undersigned would be entitled to vote if personally present as designated on the reverse.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1 AND 2 AND IN THE DISCRETION OF THE PROXIES UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING.

(Continued and to be dated and signed on the reverse.)

<TABLE>

<S>	<C>	<C>	<C>
(1) ELECTION OF DIRECTORS	FOR all nominees [X] listed below	WITHHOLD AUTHORITY to vote [X] for any nominees listed below	*EXCEPTIONS [X]

</TABLE>

I. Arnold, Jr., H. E. Catto, H. H. Cullen, R. H. Cullen, R. W. Evans, Jr., W. N. Finnegan III, J. H. Frost, T. C. Frost, J. W. Gorman, Jr., J. L. Hayne, H. L. Kempner, Jr., Richard M. Kleberg, III, Q. Lee, R. S. McClane, J. G. Muir, Jr., W. B. Osborn, Jr., R. G. Pope, H. J. Richter, C. Vaughan, Jr. INSTRUCTIONS: To withhold authority to vote for any individual nominee mark the "EXCEPTIONS" box, and write the nominee's name in the space below. *Exceptions

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(2) The approval of the selection of Ernst & Young as independent auditors of Cullen/Frost for the fiscal year that commenced January 1, 1994.

FOR [X] AGAINST [X] ABSTAIN [X]

(3) Upon such other business as may properly come before the Annual Meeting.

FOR [X] AGAINST [X] ABSTAIN [X]

Address Change and/or Comments Mark Here [X]

PROXY DEPARTMENT
SAN ANTONIO, TEXAS 78296-9987
Signature should correspond

with the printed name appearing hereon. When signing in a fiduciary or representative capacity, give full title as such, or when more than one owner, each should sign.

Date:__________________, 1994

____
(Signature of Shareholder)

____
(Signature of Shareholder)

Votes must be indicated [X] in Black or Blue Ink. [X]

PLEASE BE CERTAIN THAT YOU HAVE DATED AND SIGNED THIS PROXY.
RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE.