

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2006-05-08** | Period of Report: **2006-05-05**

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ISSUER

CULLEN FROST BANKERS INC

CIK: **39263** | IRS No.: **741751768** | State of Incorporation: **TX** | Fiscal Year End: **1231**
SIC: **6021** National commercial banks

Business Address
*100 W HOUSTON ST
P O BOX 1600
SAN ANTONIO TX 78205
2102204841*

REPORTING OWNER

HAYNE JAMES L

CIK: **1128405**
Type: **4** | Act: **34** | File No.: **001-13221** | Film No.: **06815394**

Mailing Address
*100 WEST HOUSTON ST
SAN ANTONIO TX 78205*

Business Address
2102204315

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person HAYNE JAMES L			2. Issuer Name and Ticker or Trading Symbol CULLEN FROST BANKERS INC [CFR]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 05/05/2006					
217 EAST HOUSTON STREET, SUITE 100			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
(Street)								
SAN ANTONIO, TX 78205								
(City)	(State)	(Zip)						

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	(A) or (D)	Price			
Common Stock, \$0.01 par value	05/05/2006		M		2,000	A	\$22.56	21,596	D	
Common Stock, \$0.01 par value	05/05/2006		M		4,000	A	\$36.25	25,596	D	
Common Stock, \$0.01 par value	05/05/2006		S		6,000	D	\$57.8865	19,596	D	
Common Stock, \$0.01 par value								86,820	I	By Spouse ⁽¹⁾

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 Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Stock Options (right to buy)	\$22.56	05/05/2006		M		2,000		07/29/1997	07/29/2007	Common Stock	2,000	\$ 0	0	D	

Stock Options (right to buy)	\$36.25	05/05/2006		<u>M</u>		4,000	08/28/2001	08/28/2007	Common Stock	4,000	\$ 0	0	D
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Explanation of Responses:

1. Represents shares of Common Stock held by a limited partnership in which Mr. Hayne's spouse owns an interest. Mr. Hayne disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, therein.

Signatures

/s/ James L. Hayne

** Signature of Reporting Person

05/08/2006

Date

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

* 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).

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

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