

CULLEN FROST BANKERS INC
 Form 4
 May 02, 2008

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 *
 Perotti William 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)

(Last) (First) (Middle)
 100 WEST HOUSTON STREET
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 05/01/2008

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Group Executive Vice President

SAN ANTONIO, TX 78205

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

(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	(D)	Price
Common Stock, \$0.01 par value	05/01/2008		M		13,000	A	\$ 24.16
					93,953		
Common Stock, \$0.01 par value	05/01/2008		M		3,700	A	\$ 33.3
					97,653		
Common Stock, \$0.01 par value	05/01/2008		S		16,700	D	\$ 57.4538
					80,953		

Common Stock, \$0.01 par value	24,253	I	Through 401(k) Plan
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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 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 Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 24.16	05/01/2008		M	13,000	09/22/2001 09/22/2008	Common Stock 13,000
Employee Stock Option (right to buy)	\$ 33.3	05/01/2008		M	3,700	11/05/2005 11/05/2008	Common Stock 3,700

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Perotti William L
100 WEST HOUSTON STREET
SAN ANTONIO, TX 78205

Group Executive Vice President

Signatures

/s/ William L.
Perotti 05/02/2008

__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).

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

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