

CULLEN FROST BANKERS INC
Form 8-K
January 27, 2006

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report

(Date of earliest event reported): **January 26, 2006**

CULLEN/FROST BANKERS, INC.
(Exact name of issuer as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

0-7275
(Commission
File Number)

74-1751768
(IRS Employer
Identification No.)

100 West Houston Street, San Antonio, Texas
(Address of principal executive offices)

78205
(Zip Code)

(210) 220-4011
(Registrant's telephone number, including area code)

Not Applicable

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01 Entry Into A Material Definitive Agreement

On January 26, 2006, the Board of Directors of Cullen/Frost Bankers, Inc. (the "Corporation") approved changes to the Corporation's Director compensation arrangements. A description of the Corporation's Director compensation arrangements is as follows:

Director Compensation

Employees of the Corporation receive no fees for their services as members of the Board of Directors or any of its committees. Non-employee Directors receive an annual retainer fee of \$16,000 and \$2,000 for each Board meeting attended. In addition, non-employee Directors receive \$1,000 for attending each meeting of a committee of the Board to which they have been appointed, except that the Chairman of the Audit Committee receives \$1,500 for each meeting of the Audit Committee attended. Also, Committee Chairpersons and the Managing Director receive an annual retainer fee of \$5,000. Non-employee Directors are also eligible to receive stock options each year under Cullen/ Frost's 1997 Director Stock Plan.

In addition, the Corporation's Board of Directors also serves as the Board of Directors for The Frost National Bank, a subsidiary of the Corporation. Non-employee Directors receive \$2,000 for each meeting of such Board attended and \$1,000 for attending each meeting of a committee of such Board to which they have been appointed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CULLEN/FROST BANKERS, INC.

By: /s/ Phillip D. Green

Phillip D. Green
Group Executive Vice President
and Chief Financial Officer

Dated: January 26, 2006