

CULLEN FROST BANKERS INC  
Form FWP  
February 13, 2007

Filed pursuant to Rule 433

Registration No. 333-140601

Dated February 12, 2007

## CULLEN/FROST BANKERS, INC.

### \$100,000,000

### 5.75% FIXED-TO-FLOATING RATE SUBORDINATED NOTES DUE 2017

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#### Terms and Conditions

|                                   |   |
|-----------------------------------|---|
| Issuer:                           | Cullen/Frost Bankers, Inc. ( CFR )  |
| Principal Amount:                 | \$100,000,000   |
| Offered Securities:               | 5.75% Fixed-to-Floating Rate Subordinated Notes Due February 15, 2017   |
| Expected Ratings:                 | Baa1/BBB+/ BBB+ (Moody s/ S&P/ Fitch)   |
| Trade Date:                       | February 12, 2007   |
| Settlement Date:                  | February 15, 2007 (T+3)   |
| Maturity:                         | February 15, 2017   |
| Fixed Coupon:                     |   |
| Dates:                            | From and including February 15, 2007 to but excluding February 15, 2012   |
| Coupon:                           | 5.75%   |
| Interest Payment Dates:           | Semiannually in arrears on the 15th day of each February and August, commencing on August 15, 2007  |
| Daycount:                         | 30/360  |
| Floating Coupon:                  |   |
| Dates:                            | From and including February 15, 2012 to but excluding the maturity date or date of earlier redemption   |
| Coupon:                           | Three-month LIBOR plus 0.53%  |
| Interest Payment Dates:           | Quarterly in arrears on the 15th day of each February, May, August and November, commencing on May 15, 2012   |
| Daycount:                         | Actual/360  |
| Mid-Swap Spread:                  | 44 bps  |
| Benchmark Treasury:               | UST 4.750% due 1/15/2012  |
| Benchmark Treasury Yield:         | 4.801%  |
| Re-offer Spread vs. Treasury :    | +97 bps   |
| Re-offer Yield:                   | 5.771%  |
| Re-offer Price:                   | 99.91%  |
| Optional Redemption:              | Beginning on February 15, 2012, CFR may, at its option and subject to prior regulatory approval, redeem some or all of the Notes on any Interest Payment Date at a redemption price of 100% of the principal amount of the redeemed Notes, plus any accrued but unpaid interest |
| Subordination:                    | The Notes are subordinated in right of payment to all senior indebtedness (as defined) of CFR and effectively subordinated to all existing and future debt and other liabilities of CFR s subsidiaries  |
| Minimum Denomination / Multiples: | \$1,000 / multiples of \$1,000 in excess thereof  |
| Sole Bookrunner:                  | Lehman Brothers   |
| Joint Leads:                      | Citigroup   |

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Co-Manager: JPMorgan  
Keefe, Bruyette & Woods  
CUSIP: 229899AA7  
ISIN: US229899AA72

**The issuer has filed a registration statement (including a prospectus) with the U.S. Securities and Exchange Commission (SEC) for this offering. Before you invest, you should read the prospectus for this offering in that registration statement, and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by searching the SEC online database (EDGAR®) at [www.sec.gov](http://www.sec.gov). Alternatively, you may obtain a copy of the prospectus from Lehman Brothers Inc. by calling toll-free at 1-888-603-5847.**