

## **CULLEN/FROST BANKERS, INC.**

### **CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

**(Restated as of January 26, 2006)**

#### **I. COMMITTEE MEMBERSHIP**

The Corporate Governance and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of Cullen/Frost Bankers, Inc. (“Cullen/Frost”) shall consist of three or more members of the Board, each of whom the Board has determined is “independent” under the then-existing rules of the New York Stock Exchange, Inc.

The members of the Committee shall be appointed by the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

#### **II. COMMITTEE STRUCTURE AND OPERATIONS**

The Committee shall designate one member of the Committee as its chairperson. The Committee shall meet at least twice a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. The Committee recognizes and expects that management’s involvement and views will play an important role in the Committee’s exercise of its purpose and responsibilities.

#### **III. COMMITTEE PURPOSE AND RESPONSIBILITIES**

The Committee’s purpose shall be to perform the responsibilities set forth below, which may be supplemented from time to time by any responsibilities expressly delegated to the Committee by the Board. In performing its responsibilities, the Committee shall consider and take into account Cullen/Frost’s mission statement and core values (known as the “Frost Philosophy”), which have been developed over Cullen/Frost’s existence, beginning in 1868, and the long-standing culture and traditions of Cullen/Frost and its way of doing business. The Frost Philosophy is set forth in a brochure entitled “Relationship Banking”.

A. With respect to corporate governance, the Committee shall have the following responsibilities:

1. To maintain a set of corporate governance principles applicable to Cullen/Frost, review those principles on an annual basis and recommend to the Board any changes thereto that the Committee deems necessary or appropriate.

2. To oversee and establish procedures for the evaluation of the Board.
  3. To discuss with Cullen/Frost's Chief Executive Officer ("CEO") a succession plan, developed in conjunction with the CEO.
  4. To review, and, if appropriate under the circumstances, approve, any request by a director, executive officer or senior financial officer to waive a provision of Cullen/Frost's Code of Business Conduct and Ethics.
- B. With respect to nominating, the Committee shall have the following responsibilities:
1. To identify individuals believed to be qualified to become members of the Board, consistent with criteria approved by the Board, and to recommend to the Board the nominees to stand for election as directors at the annual meeting of shareholders or, if applicable, at a special meeting of shareholders. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by shareholders. In recommending candidates, the Committee shall take into consideration the criteria approved by the Board, which are set forth under "Selection of Directors" in Cullen/Frost's Corporate Governance Guidelines. The Committee shall consider candidates recommended by Cullen/Frost's shareholders in accordance with the procedures set forth in Cullen/Frost's annual proxy statement.
  2. To review the continuation on the Board of any director who has tendered a letter of proposed resignation from the Board and recommend to the Board whether, in light of all the circumstances, the Board should accept such proposed resignation or request that the director continue to serve.
- C. With respect to Committee reports, the Committee shall have the following responsibilities:
1. To assist management in the preparation of disclosure in Cullen/Frost's annual proxy statement regarding the operation of the Committee.
  2. To prepare a summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

**IV. PERFORMANCE EVALUATION**

The Committee shall assist in the preparation of an annual performance evaluation of the Committee, which shall be conducted in accordance with the procedures established by the Committee. The performance evaluation must compare the performance of the Committee with the requirements of this Charter, and it should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee.

**V. RESOURCES AND AUTHORITY OF THE COMMITTEE**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management.