

CRESCENT REAL ESTATE EQUITIES CO

Form 4

August 21, 2007

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB  
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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 \*  
Smith Paul Rafferty2. Issuer Name **and** Ticker or Trading  
Symbol  
CRESCENT REAL ESTATE  
EQUITIES CO [CEI]5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

(Last) (First) (Middle)  
777 MAIN STREET, SUITE 2100  
(Street)3. Date of Earliest Transaction  
(Month/Day/Year)  
08/03/2007☐ Director ☐ 10% Owner  
☒ Officer (give title below) ☐ Other (specify below)  
Managing Director, Investments

FORT WORTH, TX 76102

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)
Common Shares	08/03/2007		D	300	D	\$ 22.8	0

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

**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 control  
number.**SEC 1474  
(9-02)**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

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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 Underlying Securities (Instr. 3 and 4)	Amount Number of Shares
Option (Right to Buy)	\$ 35.8	08/03/2007		D	100,000 (8)	(1) 05/15/2015	Common Shares	200
Units of limited partnership of Operating Partnership (2)	(3)	08/03/2007		D	75,000 (8)	(4) 06/30/2010(5)	Common Shares	150
Units of limited partnership of Operating Partnership (2)	(6)	08/03/2007		D	50,000 (8)	(7) 06/30/2010(5)	Common Shares	100

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Smith Paul Rafferty 777 MAIN STREET SUITE 2100 FORT WORTH, TX 76102			Managing Director, Investments	

## Signatures

David M. Dean, as Attorney-in-Fact on behalf of Reporting Person 08/21/2007

\_\_\_\_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).

- (1) Option granted May 15, 2005, by Operating Partnership, in transaction exempt under Rule 16b-3, to purchase Units of limited partnership (Units) of Operating Partnership. Each Unit exchangeable for two Common Shares of Issuer stock, subject to normal antidilution adjustments, or cash equivalent to market value of two Common Shares of Issuer stock, at discretion of Issuer. Vests and becomes

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exercisable in 20% increments on first, second, third, fourth and fifth anniversary dates of grants.

(2) Crescent Real Estate Equities Limited Partnership (Operating Partnership)

- (3) Beginning on second anniversary of date of grant, each vested Unit exchangeable for cash equivalent to market value of two Common Shares of Issuer stock or, at discretion of Issuer, but subject to shareholder approval.

Grant on May 16, 2004, by Operating Partnership pursuant to 2004 Crescent Real Estate Equities Limited Partnership Long-Term Incentive Plan in transaction exempt under Rule 16b-3(d). Grant provides for 20% Units to vest when trailing 40 trading day closing sale price average (Average Close) equals or exceeds \$19 (vested on 8/3/05); additional 20% vest when Average Close equals or exceeds \$20 (vested on 11/25/05); additional 20% vest when Average Close equals or exceeds \$21 (vested on 3/10/06); additional 20% vest when Average Close equals or exceeds \$22.50; and final 20% vest when Average Close equals or exceeds \$24.

- (5) Applicable solely to unvested Units; not applicable to vested Units.

- (6) Beginning on second anniversary of date of grant, each vested Unit exchangeable for cash equivalent to market value of two Common Shares of Issuer stock or, at discretion of Issuer, but subject to shareholder approval.

Grant on May 16, 2005, by Operating Partnership pursuant to 2005 Crescent Real Estate Equities Limited Partnership Long-Term Incentive Plan in transaction exempt under Rule 16b-3(d). Grant provides for 20% Units to vest when trailing 40 trading day closing sale price average (Average Close) equals or exceeds \$21; additional 20% vest when Average Close equals or exceeds \$22.50; additional 20% vest when Average Close equals or exceeds \$24; additional 20% vest when Average Close equals or exceeds \$25.50; and final 20% vest when Average Close equals or exceeds \$27.

- (8) In connection with the Agreement and Plan of Merger, pursuant to which Crescent Real Estate Equities Company and Crescent Real Estate Equities Limited Partnership were acquired by affiliates of Morgan Stanley Real Estate on August 3, 2007, holders of partnership Units (including unvested Units) received merger consideration of \$45.60 per Unit and \$22.80 per Common Share.

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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