

CRESCENT REAL ESTATE EQUITIES CO  
 Form 4  
 May 18, 2005

**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 \*  
 Smith Paul Rafferty

2. 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)  
 05/16/2005

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Managing Dir, Funds Management

FORT WORTH TX 76102

(City) (State) (Zip)

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

**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 Ownership (Instr. 4)
Common Shares				(A) or (D) Price	300	D	

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

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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 of Underlying Security (Instr. 3 and 4)
Option (Right to Buy)	\$ 35.8	05/16/2005		A <sup>(1)</sup>	100,000	( <sup>(1)</sup> ) 05/15/2015	Units 100
Units of limited partnership of Operating Partnership <sup>(2)</sup>	( <sup>(3)</sup> )	05/16/2005		A <sup>(4)</sup>	50,000	( <sup>(4)</sup> ) 06/30/2010 <sup>(6)</sup>	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 Dir, Funds Management	

## Signatures

David M. Dean, as Attorney-in-Fact on behalf of Reporting Person  
05/18/2005

        \*\*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 16, 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 exercisable in 20% increments on first, second, third, fourth and fifth anniversary dates of grant.
  - (2) Crescent Real Estate Equities Limited Partnership (Operating Partnership)
    - (3) Beginning on second anniversary of date of grant, and subject to six-month holding period following vesting, 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, for two Common Shares of Issuer stock, subject to normal antidilution adjustments.
    - (4) 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). 20% of Units vest when the average of the closing sale prices of a Common Share for the preceding 40 trading days ("Average Close") equals or exceeds \$21; an additional 20%, when Average Close equals or

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exceeds \$22.50; an additional 20%, when Average Close equals or exceeds \$24; an additional 20%, when Average Close equals or exceeds \$25.50; and the final 20%, when Average Close equals or exceeds \$27. General Partner of Operating Partnership has discretionary authority to establish alternative vesting schedules based on Issuer's achievement of annual performance targets as determined from time to time by the Compensation Committee of General Partner.

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

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.