

MEMORANDUM

To: All Option Members, Member Organizations and ROPs

From: Market Watch

Date: July 12, 2007

Subject: Crescent Real Estate Equities Company (CEI) Pending Merger With Morgan Stanley Real Estate

On Wednesday, August 1, 2007, the shareholders of Crescent Real Estate Equities Company (CEI) will vote to approve the proposed merger with Morgan Stanley Real Estate. Pursuant to the merger terms each CEI share will be converted into the right to receive \$22.80 cash. **The merger is anticipated to become effective in the 3rd quarter of 2007.**

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding CEI options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
NEW DELIVERABLE: \$2,280.00 cash per contract (\$22.80 x 100)

Existing open interest in all CEI options will remain until options are exercised or expire. Since they are American style options, they are exercisable at the option of the holder.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.