Stock Option Legacy: Gerald W. Haddock at Crescent Real Estate

Gerald W. Haddock's leadership story at Crescent Real Estate was not only defined by transformative acquisitions and strategic vision, but also by how the company structured long-term incentives to align executive performance with shareholder value. Central to this was a landmark stock option grant made during the company's formative years — a grant that reflected confidence in Crescent's future growth trajectory and Haddock's pivotal role in delivering it.

The Landmark 1998 Grant

The most publicly documented equity award in Haddock's tenure was granted for the 1998 fiscal year. As disclosed in Crescent Real Estate's preliminary 1999 proxy statement and widely reported in the financial press, Haddock was awarded options to purchase **1,000,000 shares** of Crescent common stock. The structure and valuation of the award were designed to incentivize long-term performance and growth.

A contemporaneous report by the *Los Angeles Times* (April 20, 1999) summarized the details as follows:

"Crescent Real Estate Equities Co. Chief Executive Gerald Haddock received options on 1 million shares in 1998 that could be worth as much as $49.6 million over 10 years if the company's stock grows at a 10% annual rate. Haddock, who received no options in 1997, was paid $776,378 in salary and bonus last year, according to the company's preliminary proxy statement."

This single grant represented one of the most substantial individual equity awards in the REIT sector at the time. Its scale and performance-driven valuation reflected Crescent's ambitions to compete with the largest institutional property companies in the U.S.

Stock Incentive Plans and Amendments

Haddock's grant — and those of other executives — was made under the company's long-term incentive framework, primarily the **1994 and 1995 Stock Incentive Plans** and the **1996 Limited Partnership Unit Incentive Plan**. These plans enabled the company to grant both stock options and operating partnership (OP) unit options, often tied to market performance.

The company periodically updated its equity plans to maintain flexibility and improve executive participation. A notable amendment on **November 1, 2001** expanded the ways participants could pay the exercise price — including through broker-assisted cashless exercise, share delivery, or promissory notes. Earlier, a **November 4, 1999** amendment modernized key plan provisions shortly after Haddock's departure, indicating the company's commitment to maintaining competitive incentive practices.

Accounting Changes and Option Economics

While the 1998 grant remains the most prominent award linked directly to Haddock, Crescent’s later filings provide insight into the broader economics of its option programs. By **2003**, the company began expensing options under **SFAS 123**, and by **2006**, it had adopted **SFAS 123R**, requiring full fair-value expensing on the grant date. During this time, Crescent reported millions in annual option expense and disclosed that executives sometimes financed option exercises with company-facilitated loans — a practice common in the REIT industry at the time.

Legacy and Interpretation

Although the precise strike price, vesting schedule, and grant-date fair value of Haddock’s 1998 option award are not readily accessible in current public filings — likely due to image-only proxy tables from that era — the scale and structure of the award underscore how highly Crescent’s board valued his leadership. The 1,000,000-share grant served as both a retention mechanism and a direct bet on Crescent’s future performance under Haddock’s stewardship.

The “Stock Option Legacy” of Gerald Haddock’s Crescent years illustrates how executive compensation can function as a strategic tool — not just a reward. By aligning substantial upside potential with shareholder returns, Crescent created incentives that reflected both the company’s growth ambitions and Haddock’s role in shaping its destiny.

Sources & Further Reading

• Los Angeles Times, April 20, 1999 – “Crescent CEO Gets Hefty Stock-Options Package” • SEC Filings – Crescent Real Estate Equities Company Stock Incentive Plans (1994, 1995) and amendments (1999, 2001) • Crescent Real Estate 10-K and DEF 14A filings (2003–2007) – Accounting treatment and option expense disclosures • AnnualReports.com – Crescent Real Estate 10-K exhibits and plan documentation • Contracts.Justia.com – 1996 Limited Partnership Unit Incentive Plan agreements