

ARMSTRONG WILLIAM H III  
Form 4  
December 22, 2006

**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 \*  
ARMSTRONG WILLIAM H III

2. Issuer Name and Ticker or Trading Symbol  
STRATUS PROPERTIES INC  
[STRS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
98 SAN JACINTO BOULEVARD,  
STE 220  
  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/21/2006

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  
\_\_\_\_ 10% Owner  
\_\_\_\_ Other (specify below)  
Chair of Board, President, CEO

AUSTIN, TX 78701

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_X\_ 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock					3,250	I	IRA for self
Common Stock	12/21/2006		M		32,500	A	\$ 7 159,442
Common Stock	12/21/2006		M		50,000	A	\$ 7.81 209,442
Common Stock	12/21/2006		M		60,000	A	\$ 8.69 269,442
Common Stock	12/21/2006		M		45,455	A	\$ 8.45 314,897

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Common Stock <sup>(5)</sup> 12/21/2006 F<sup>(6)</sup> 98,816 D \$ 31.95 216,081 D

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.**

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(9-02)

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

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 Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Option (right to buy)	\$ 7	12/21/2006		M	32,500	05/08/1998 <sup>(1)</sup> 05/08/2007	Common Stock 32,500
Option (right to buy)	\$ 7.81	12/21/2006		M	50,000	02/11/2000 <sup>(2)</sup> 02/11/2009	Common Stock 50,000
Option (right to buy)	\$ 8.69	12/21/2006		M	60,000	02/10/2001 <sup>(3)</sup> 02/10/2010	Common Stock 60,000
Option (right to buy)	\$ 8.45	12/21/2006		M	45,455	01/17/2003 <sup>(4)</sup> 01/17/2012	Common Stock 45,455

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

ARMSTRONG WILLIAM H III  
98 SAN JACINTO BOULEVARD, STE 220  
AUSTIN, TX 78701

Chair of Board, President, CEO

## Signatures

Kelly C. Simoneaux, on behalf of William H. Armstrong III pursuant to a power of attorney

12/22/2006

\_\_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) 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof.
- (2) 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof.
- (3) 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof.
- (4) 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof.
- (5) Amount beneficially owned following the reported transactions includes 57,250 Common Stock Restricted Stock Units.
- (6) Shares delivered and withheld in payment of the exercise price of options and resulting taxes.

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.