

ARMSTRONG WILLIAM H III
 Form 4
 December 29, 2006

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

OMB APPROVAL
 OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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

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

3. Date of Earliest Transaction
 (Month/Day/Year)
 12/27/2006

AUSTIN, TX 78701

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

(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 Stock				(A) or (D)	Price		
Common Stock	12/27/2006		M	40,000	A \$ 12.38	256,081	D
Common Stock	12/27/2006		M	2,500	A \$ 8.69	258,581	D
Common Stock	12/27/2006		M	46,000	A \$ 9.25	304,581	D
Common Stock	12/27/2006		M	34,500	A \$ 10.555	339,081	D
						3,250	I IRA for self

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Common Stock	12/27/2006	M	17,500	A	\$ 16.015	356,581	D
Common Stock	12/27/2006	M	67,500	A	\$ 9.44	424,081	D
Common Stock ⁽⁷⁾	12/27/2006	F ⁽⁸⁾	121,123	D	\$ 31.197	302,958	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.

SEC 1474
(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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy)	\$ 12.38	12/27/2006		M	40,000	05/14/1999 ⁽¹⁾	05/14/2008	Common Stock	40,000
Option (right to buy)	\$ 8.69	12/27/2006		M	2,500	02/10/2001 ⁽²⁾	02/10/2010	Common Stock	2,500
Option (right to buy)	\$ 9.25	12/27/2006		M	46,000	12/17/2003 ⁽³⁾	12/17/2012	Common Stock	46,000
Option (right to buy)	\$ 10.555	12/27/2006		M	34,500	12/17/2004 ⁽⁴⁾	12/17/2013	Common Stock	34,500
Option (right to buy)	\$ 16.015	12/27/2006		M	17,500	12/30/2005 ⁽⁵⁾	12/30/2014	Common Stock	17,500
Option (right to buy)	\$ 9.44	12/27/2006		M	67,500	12/21/2001 ⁽⁶⁾	12/21/2010	Common Stock	67,500

