

ARMSTRONG WILLIAM H III  
 Form 4  
 December 18, 2002  
 FORM 4

[ ] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, DC 20549

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

OMB APPROVAL  
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(Print or Type Responses)

1. Name and Address of Reporting Person\*

2. Issuer Name and Ticker or Trading Symbol

6. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

- Director
- 10% Owner
- Officer (specify title below)

Chairman of the Board, President and Chief Executive Officer

Armstrong, III William H.  
 (Last) (First) (Middle)

Stratus Properties Inc. (STRS)  
 3. I.R.S. Identification Number of Reporting Person, if an entity (Voluntary)

4. Statement for Month/Day/Year

7. Individual or Joint/Group Filing (Check Applicable Line)

98 San Jacinto Boulevard, Suite 220

(Street)

12/17/02

5. If Amendment,  Form filed by One Reporting Person  
 Form filed by More than One Reporting Person  
 Date of (Month/Day/Year)

Austin Texas 78701  
 (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 of which Beneficial Owner is Beneficially Owned or Followed (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	3 and	
				Code	Amount	Price

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Common Stock  
Common Stock

12/17/02

A

14,000<sup>(1)</sup>

A

34,786<sup>(2)</sup>

D

3,250

I

By IRA for Self

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

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

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FORM 4 (continued)	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. 3)	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)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. C
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Options <sup>(3)</sup> (right to buy)	\$9.25	12/17/02		A	46,000	12/17/03 <sup>(4)</sup>	12/17/12	Common Stock	46,000	None	46,000	


Explanation of Responses:

- 1. Grant of Common Stock Restricted Stock Units
- 2. Includes 27,636 Common Stock Restricted Stock Units
- 3. Options with limited stock appreciation rights
- 4. 25% exercisable on the date indicated and 25% exercisable on each of the next three anniversaries thereof

<p>**Intentional misstatements or omissions of facts constitute Federal Criminal Violations.</p> <p>See</p> <p>18 U.S.C. 1001 and 15 U.S.C. 78ff(a).</p>	<p>/s/ Margaret F. Murphy</p> <p>**Signature of Reporting Person</p> <p>Margaret F. Murphy, on behalf of</p> <p>William H. Armstrong, III</p>	<p>12/17//02</p> <p>Date</p>
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Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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