

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 16, 2002

STRATUS PROPERTIES INC.

(Exact name of registrant as specified in its charter)

Delaware	0-19989	72-1211572
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

98 San Jacinto Boulevard, Suite 220	
Austin, Texas	78701
(Address of principal executive offices)	(Zip Code)

(512) 478-5788
(Registrant's telephone number, including area code)

Item 5. Other Events.

On May 16, 2002, Stratus entered into a new stockholder rights plan to replace our previous stockholder rights plan that will expire on May 28, 2002. The new plan, like the previous plan, is designed to deter abusive takeover tactics and to encourage prospective acquirors to negotiate with our board rather than attempt to acquire the company in a manner or on terms that our board deems unacceptable.

Pursuant to the new rights plan, our board of directors declared a dividend of one preferred stock purchase right for each outstanding share of our common stock. The dividend is payable on May 29, 2002 to our stockholders of record on May 29, 2002. If the rights become exercisable, each right will entitle its holder to purchase one one-hundredth (1/100) of a share of our Series C participating cumulative preferred stock at an exercise price of \$40 per unit, subject to adjustment.

The description and terms of the rights are set forth in the Rights Agreement, dated May 16, 2002, between us and our rights agent, Mellon Investor Services LLC, which is attached hereto as Exhibit 4.1. The press release announcing the approval of the new stockholder rights plan is attached hereto as Exhibit 99.1.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

4.1 Rights Agreement, dated as of May 16, 2002, between Stratus Properties Inc. and Mellon Investor Services LLC, as Rights Agent, which includes as Exhibit A the Form of Certificate of Designations of Series C Participating Cumulative Preferred Stock; as Exhibit B the Forms of Rights Certificate, Assignment, and Election to Purchase; and as Exhibit C the Summary of Rights to Purchase Preferred Shares. Incorporated by reference to

Exhibit 4.1 to Stratus' Registration Statement on
Form 8-A dated May 22, 2002.

99.1 Press Release of Stratus Properties Inc. dated May
21, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act
of 1934, the registrant has duly caused this report to be signed
on its behalf by the undersigned hereunto duly authorized.

STRATUS PROPERTIES INC.

By: C. Donald Whitmire, Jr.

C. Donald Whitmire, Jr.
Vice President-Controller
(authorized signatory and
Principal Accounting Officer)

Dated: May 23, 2002

Exhibit 99.1

STRATUS PROPERTIES ADOPTS
NEW STOCKHOLDER RIGHTS PLAN

AUSTIN, TX, May 21, 2002 - Stratus Properties Inc. (NASDAQ:STRS) announced today that its Board of Directors has adopted a new stockholder rights plan (effective May 29, 2002) to replace the existing stockholder rights plan, which expires May 28, 2002.

Like the previous plan, the new stockholder rights plan is designed to enable all Stratus stockholders to realize the full value of their investment and to provide for fair and equal treatment for stockholders in the event of an unsolicited attempt to acquire Stratus. The new plan does not prohibit the Board from considering any offer that it considers advantageous to its stockholders. Stratus has no knowledge of any unsolicited attempt to acquire Stratus.

Under the new plan, one right will be distributed as a dividend to stockholders of record on May 29, 2002 for each share of Stratus common stock held. Subject to certain conditions, the rights will be exercisable if a person acquires or announces the intent to acquire 20 percent or more of Stratus' common stock.

If exercisable, each right would give the holder, other than the acquirer, the ability to purchase an additional share of Stratus common stock from the company at 50 percent of the market price. The effect would be to discourage acquisition of 20 percent or more of Stratus' common stock without negotiating with the Board of Directors.

The new rights will expire on May 29, 2012, unless redeemed or exchanged at an earlier date. The rights will initially trade with shares of Stratus' common stock and will have no impact on the way in which Stratus' shares are traded. There are currently no separate certificates and there is no market for the rights.

Stratus is a diversified real estate company engaged in the development, marketing and management of real estate in the Austin, Houston, and San Antonio, Texas areas. A copy of this press release and additional information about Stratus are available on our web site stratusproperties.com. Additional information about our new rights plan also will soon be available on our web site.