

Sunstone Hotel Investors, Inc.
 Form 4
 February 19, 2014

FORM 4

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

OMB APPROVAL

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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 *
 Cruse Kenneth Edward

(Last) (First) (Middle)
 120 VANTIS, SUITE 350
 (Street)

ALISO VIEJO, CA 92656

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 Sunstone Hotel Investors, Inc. [SHO]

3. Date of Earliest Transaction
 (Month/Day/Year)
 02/15/2014

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
 Chief Executive Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock	02/15/2014		F	21,085 D	(1) 751,751	D	
Common Stock	02/16/2014		F	8,282 D	(2) 743,469	D	
Common Stock	02/17/2014		F	6,917 D	(3) 736,552	D	
Common Stock	02/19/2014		A	116,445 A	(4) 858,212 (5)	D	

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

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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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Cruse Kenneth Edward 120 VANTIS SUITE 350 ALISO VIEJO, CA 92656	X		Chief Executive Officer	

Signatures

/s/ Kenneth E. Cruse 02/19/2014

**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) On February 15, 2014, 57,244 restricted shares of common stock (awarded to the Reporting Person on February 15, 2013) vested, and 21,085 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 14, 2014 (as February 15, 2014 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$13.40 per share.
 - (2) On February 16, 2014, 22,580 restricted shares of common stock (awarded to the Reporting Person on February 16, 2012) vested, and 8,282 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 14, 2014 (as February 16, 2014 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$13.40 per share.
 - (3) On February 17, 2014, 18,859 restricted shares of common stock (awarded to the Reporting Person on February 17, 2011) vested, and 6,917 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 14, 2014 (as February 17, 2014 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$13.40 per share.

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17, 2014 fell on a holiday) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$13.40 per share.

On February 19, 2014, Sunstone Hotel Investors, Inc. (the "Company") granted 116,445 restricted shares of common stock to the

- (4) Reporting Person pursuant to its 2004 Long-Term Incentive Plan. Such shares are subject to the satisfaction of vesting requirements over a three-year period.
- (5) Effective February 19, 2014, the Reporting Person transferred 5,215 shares of common stock previously reported as Indirect ownership to Direct ownership. This transfer of 5,215 shares is reflected in the total along with the amount of shares for the noted transaction.

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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