

Sunstone Hotel Investors, Inc.
 Form 4
 May 03, 2012

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 *
PASQUALE DOUGLAS M

(Last) (First) (Middle)
 120 VANTIS, SUITE 350
 (Street)
 ALISO VIEJO, CA 92675
 (City) (State) (Zip)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
 05/02/2012

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)

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | 05/02/2012 | | A | 5,066 A <u>(1)</u> 9,066 | | D | |
| Common Stock | 05/02/2012 | | A | 10,132 A <u>(2)</u> 19,198 | | D | |
| Common Stock | 05/02/2012 | | G | 4,000 D \$ 0 15,198 <u>(3)</u> | | D | |
| Common Stock | | | | | 5,000 <u>(3)</u> | I | Living Trust |

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

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SEC 1474 (9-02)

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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. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| PASQUALE DOUGLAS M 120 VANTIS SUITE 350 ALISO VIEJO, CA 92675 | X | | | |

Signatures

/s/ Douglas M.
Pasquale 05/03/2012

**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 May 2, 2012, Sunstone Hotel Investors, Inc. (the "Company") granted 5,066 restricted shares of common stock to the Reporting Person pursuant to its 2004 Long-Term Incentive Plan in connection with the Reporting Person's service on the Board of Directors from November 7, 2011 through the Company's 2012 Annual Meeting of Shareholders. Such shares will vest in three equal annual installments, with the first vesting to occur on the date of the Company's 2012 Annual Meeting of Shareholders.
 - (2) On May 2, 2012, Sunstone Hotel Investors, Inc. (the "Company") granted 10,132 restricted shares of common stock to the Reporting Person pursuant to its 2004 Long-Term Incentive Plan. Such shares will vest in three equal annual installments, with the first vesting to occur on the date of the Company's 2013 Annual Meeting of Shareholders.
 - (3) The number reflects the transfer of 4,000 shares of common stock previously reported by the Reporting Person as direct ownership to a living trust for the benefit of the Reporting Person and his spouse.

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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