Sunstone Hotel Investors, Inc.

Form 4 May 16, 2007

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

Check this box if no longer

subject to Section 16. Form 4 or

Form 5 obligations may continue. See Instruction

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(b).

(Last)

100

1. Name and Address of Reporting Person * ALTER ROBERT A

(First)

903 CALLE AMANECER, SUITE

(Street)

Symbol

(Middle)

2. Issuer Name and Ticker or Trading

Sunstone Hotel Investors, Inc. [SHO]

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

05/15/2007

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

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

X Director 10% Owner X_ Officer (give title Other (specify below) **Executive Chairman**

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

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

SAN CLEMENTE, CA 92011

| (City) | (State) (| Zip) Tabl | e I - Non-D | erivative | Secur | ities Acq | uired, Disposed o | f, or Beneficial | ly Owned |
|--------------------------------------|-----------------------------------------|-------------------------------------------------------------|------------------------------|-----------|------------------------|-------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------|
| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | te, if Transaction() Code () | | ispose 4 and (A) | . , | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
| | | | Code V | Amount | or (D) | Price | (Instr. 3 and 4) | | |
| Common Stock | 05/15/2007 | | S | 300 | D | \$ 29.18 | 278,066 | D | |
| Common Stock | 05/15/2007 | | S | 100 | D | \$ 29.19 | 277,966 | D | |
| Common Stock | 05/15/2007 | | S | 200 | D | \$ 29.2 | 277,766 | D | |
| Common Stock | 05/15/2007 | | S | 200 | D | \$ 29.21 | 277,566 | D | |
| Common Stock | 05/15/2007 | | S | 500 | D | \$ 29.22 | 277,066 | D | |

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| Common Stock | 05/15/2007 | S | 600 | D | \$ 29.23 | 276,466 | D |
|-----------------|------------|---|-----|---|-------------|---------|---|
| Common Stock | 05/15/2007 | S | 100 | D | \$ 29.25 | 276,366 | D |
| Common Stock | 05/15/2007 | S | 300 | D | \$ 29.26 | 276,066 | 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. Transacti Code (Instr. 8) | 5. orNumber of Derivativ Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 5 | ate | 7. Titl Amou Under Securi (Instr. | int of lying | 8. Price of Derivative Security (Instr. 5) | 9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr |
|-----------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------|---------------------|--------------------|-----------------------------------------------|----------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------|
| | | | | Code V | (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | | | | |
|--------------------------------------------------------------------|---------------|-----------|--------------------|-------|--|--|--|--|
| noporoung o muor runno / rrunnoss | Director | 10% Owner | Officer | Other | | | | |
| ALTER ROBERT A 903 CALLE AMANECER SUITE 100 SAN CLEMENTE, CA 92011 | X | | Executive Chairman | | | | | |

Signatures

/s/ Robert A.
Alter

**Signature of Reporting Person

Date

Reporting Owners 2

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).

Remarks:

- (1) The sales reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on
- (2) This Form 4 filing represents 3 of 3 total filings.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.