

Sunstone Hotel Investors, Inc.  
 Form 4  
 October 26, 2004

**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 \*  
**ALTER ROBERT A**

(Last) (First) (Middle)  
 903 CALLE AMANECER, SUITE 100  
 (Street)

SAN CLEMENTE, CA 92673

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)  
 10/26/2004

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)
				Code V	Amount		
Common Stock	10/26/2004			A	52,631	A	D
Common Stock	10/26/2004			F	18,657	D	D
Common Stock	10/26/2004			P	194,737	A	D

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

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SEC 1474 (9-02)

number.

**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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number of Shares
Restricted Stock Unit	(1)	10/26/2004		A	210,526	(1)	(1)	Common Stock	210,526
Restricted Stock Unit	(1)	10/26/2004		J	52,631	(2)	(2)	Common Stock	52,631

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ALTER ROBERT A 903 CALLE AMANECER SUITE 100 SAN CLEMENTE, CA 92673	X		Chief Executive Officer	

## Signatures

Robert A. Alter                      10/26/2004

\*\*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) Mr. Alter was granted an aggregate of 210,526 restricted stock units, subject to the satisfaction of vesting requirements. Upon vesting, Sunstone Hotel Investors, Inc. will deliver one share of Common Stock for each vested restricted stock unit. Mr. Alter has only the rights of an unsecured creditor in the restricted stock units, and no rights as a stockholder of Sunstone Hotel Investors, L.L.C. until the restricted stock units vest.

(2) On October 26, 2004, 52,631 restricted stock units vested, and 18,657 shares of Common Stock were withheld to satisfy tax withholding obligations.

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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