

Cruse Kenneth Edward  
 Form 4  
 February 10, 2009

**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)  
 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)  
 02/06/2009

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 Financial 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			
				Code	V	Amount		
Common Stock	02/06/2009		F	4,182	D	①	163,166	D
Common Stock	02/07/2009		F	1,512	D	②	161,654	D
Common Stock	02/09/2009		F	1,035	D	③	160,619	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)

Table with columns: 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 (Instr. 5), 9. Number of Underlying Securities (Instr. 3 and 4).

Reporting Owners

Table with columns: Reporting Owner Name / Address, Relationships (Director, 10% Owner, Officer, Other). Entry for Cruse Kenneth Edward, 903 CALLE AMANECER SUITE 100 SAN CLEMENTE, CA 92673, Chief Financial Officer.

Signatures

/s/ Kenneth E. Cruse 02/10/2009

\*\*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 6, 2009, 11,699 restricted shares of common stock (awarded to the Reporting Person on February 6, 2008) vested, and 4,182 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 6, 2009 of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$4.45 per share.
(2) On February 7, 2009, 4,230 restricted shares of common stock (awarded to the Reporting Person on February 7, 2007) vested, and 1,512 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 6, 2009 (as February 7, 2009 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$4.45 per share.
(3) On February 9, 2009, 2,894 restricted shares of common stock (awarded to the Reporting Person on February 9, 2006) vested, and 1,035 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 9, 2009 of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$4.03 per share.

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.