

Arabia John V
 Form 4
 February 19, 2013

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
 Arabia John V

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

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
 02/15/2013

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 President

ALISO VIEJO, CA 92656
 (City) (State) (Zip)

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

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	02/15/2013		A	V	71,146	A	(1) 504,704 D
Common Stock	02/15/2013		A	V	128,755	A	(2) 633,459 D
Common Stock	02/16/2013		F	D	6,667	D	(3) 626,792 D
Common Stock	02/17/2013		F	D	14,230	D	(4) 612,562 D

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

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(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. 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 Following Reporting Transaction (Instr. 6)
				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
Arabia John V 120 VANTIS SUITE 350 ALISO VIEJO, CA 92656			President	

Signatures

/s/ John V.
Arabia

02/19/2013

**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, 2013, Sunstone Hotel Investors, Inc. (the "Company") granted 71,146 restricted shares of common stock to the 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.
- (2) On February 15, 2013, Sunstone Hotel Investors, Inc. (the "Company") granted 128,755 restricted shares of common stock to the Reporting Person pursuant to its 2004 Long-Term Incentive Plan. Such shares were awarded in connection with the Reporting Person's promotion to President, and such shares are subject to the satisfaction of vesting requirements over a five-year period.
- (3) On February 16, 2013, 17,025 restricted shares of common stock (awarded to the Reporting Person on February 16, 2012) vested, and 6,667 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 15, 2013 (as February

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16, 2013 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$11.79 per share.

- On February 17, 2013, 38,797 restricted shares of common stock (awarded to the Reporting Person on February 17, 2011) vested, and
- (4) 14,230 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 15, 2013 (as February 17, 2013 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$11.79 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.

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