Sunstone Hotel Investors, Inc.

Form 4

February 10, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB Number: 3235-0287

OMB APPROVAL

Number: 3235-0287 Expires: January 31,

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0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

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

may continue.

See Instruction

30(h) of the Investment Company Act of 1940

1(b).

Common

Stock

02/08/2006

(Print or Type Responses)

1. Name and Address of Reporting Person * ALTER ROBERT A			2. Issuer Name and Ticker or Trading Symbol			5. Relationship of Reporting Person(s) to Issuer			
			Sunstone	e Hotel Ir	ivestors, Inc. [SHO]	(Cho	eck all applicable	e)	
(Last)	(First)	(Middle)	3. Date of	Earliest Tr	ansaction				
			(Month/Da	ay/Year)			10%		
903 CALLE AMANECER, SUITE			02/08/2006			_X_ Officer (give title Other (specify			
100						below) Chie	below) f Executive Office	cer	
(Street)			4. If Amendment, Date Original			6. Individual or Joint/Group Filing(Check			
			Filed(Month/Day/Year)			Applicable Line) _X_ Form filed by One Reporting Person			
SAN CLEM	2673				Form filed by More than One Reporting Person				
(City)	(State)	(Zip)	Table	e I - Non-D	erivative Securities Acq	quired, Disposed	of, or Beneficial	lly Owned	
1.Title of	2. Transaction I	Date 2A. Dee	emed	3.	4. Securities Acquired	5. Amount of	6. Ownership	7. Nature of	
Security	(Month/Day/Ye	ear) Executi	on Date, if		on(A) or Disposed of	Securities	Form: Direct	Indirect	
(Instr. 3)		any	/D /FZ \	Code	(D)	Beneficially	(D) or	Beneficial	
		(Month	/Day/Year)	(Instr. 8)	(Instr. 3, 4 and 5)	Owned Following	Indirect (I) (Instr. 4)	Ownership (Instr. 4)	

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

Α

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SEC 1474

(9-02)

D

Reported

283,533

Transaction(s) (Instr. 3 and 4)

(A)

(D)

A

Price

\$0

Amount

54,822

(1)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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8. Price of Derivative Security (Instr. 5)

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. Transactic Code (Instr. 8)	5. onNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		ate	7. Title and A Underlying S (Instr. 3 and	Securities
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Stock Units	<u>(2)</u>					(2)	(2)	Common Stock	<u>(2)</u>

Reporting Owners

	Relationships
Reporting Owner Name / Address	•

Director 10% Owner Officer Other

ALTER ROBERT A 903 CALLE AMANECER SUITE 100

X Chief Executive Officer

SAN CLEMENTE, CA 92673

Signatures

s/ Robert A. 02/10/2006 Alter

**Signature of Date
Reporting Person

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 8, 2006, Sunstone Hotel Investors, Inc. granted 54,822 restricted shares of common stock pursuant to its 2004 Long-Term Incentive Plan, subject to the satisfaction of vesting requirements over a three-year period.
- (2) These restricted stock units were previously granted and reported on Form 4/A filed on February 23, 2005.

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.

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