

CORNERSTONE BANCORP INC
 Form 5
 February 11, 2005

FORM 5

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).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
SAPPERN DONALD

2. Issuer Name and Ticker or Trading Symbol
CORNERSTONE BANCORP INC [CBN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2004

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

16 WEDGEWOOD RD

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

WESTPORT, CT 06880

(City) (State) (Zip)

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) | (A) or (D) | Price | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|------------|-------|--|--|---|
| Common Stock | Â | Â | Â | Â | Â | Â | 319 | I | By wife's IRA |
| Common Stock | Â | Â | Â | Â | Â | Â | 451 | I | By Company |
| Common Stock | Â | Â | Â | Â | Â | Â | 3,680 | I | By IRA FBO himself |
| Common | Â | Â | Â | Â | Â | Â | 527.36 ⁽¹⁾ | D | Â |

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Stock

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. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|-----|--|-----------------|---|-------------------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | | |
| Director stock option - right to buy | \$ 10.909 | Â | Â | Â | Â | Â | 05/17/2000 | 05/17/2010 | Common Stock | 275 |
| Director stock option - right to buy | \$ 12.818 | Â | Â | Â | Â | Â | 05/16/2001 | 05/16/2011 | Common Stock | 275 |
| Director stock option - right to buy | \$ 17.818 | Â | Â | Â | Â | Â | 05/15/2002 | 05/15/2012 | Common Stock | 275 |
| Director stock option - right to buy | \$ 18 | Â | Â | Â | Â | Â | 05/21/2003 | 05/21/2013 | Common Stock | 250 |
| Director stock option - right to buy | \$ 25.46 | Â | Â | Â | Â | Â | 05/26/2004 | 05/26/2014 | Common Stock | 250 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| SAPPERN DONALD 16 WEDGEWOOD RD WESTPORT, CT 06880 | X | ^ | ^ | ^ |

Signatures

Leigh A. Hardisty as Power of Attorney 02/11/2005

__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) The reporting person received 2.36 shares of common stock as a result of participation in the Bancorp's plan for the reinvestment of dividends.

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