

CORNERSTONE BANCORP INC
 Form 4/A
 May 27, 2005

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 *
FORGOTSON MERRILL J

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)
7 BAYBERRY LANE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/05/2005

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

WESTPORT, CT 06880

4. If Amendment, Date Original Filed(Month/Day/Year)
01/07/2005

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | 01/06/2005 | 01/05/2005 | W | (A) or (D) V Amount Price 3,025 \$ (1) 12.397 | 4,967.51 (2) | I | By wife |
| Common Stock | 01/06/2005 | 01/05/2005 | W | (A) or (D) V Amount Price 6,050 \$ (1) 16.012 | 11,017.51 (2) | I | By wife |
| Common Stock | | | | | 1,251.987 (3) | I | By wife as custodian for child |
| Common Stock | | | | | 60 | I | By child |
| Common Stock | | | | | 7,700 | D | |

| | | | | | | | |
|-----------------|--|--|--|-----------|---|--|---|
| Common Stock | | | | 10,330.99 | I | | By trust of which wife is trustee |
|-----------------|--|--|--|-----------|---|--|---|

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

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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 Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code V | (A) (D) | Date Exercisable Expiration Date | Title |
| Employee stock option - right to buy | \$ 13.636 | | | | | 05/29/2001 05/29/2011 | Common Stock |
| Employee stock option - right to buy | \$ 14.545 | | | | | 01/02/2002 01/02/2012 | Common Stock |
| Employee stock option - right to buy | \$ 20.3 | | | | | 01/02/2004 01/02/2014 | Common Stock |
| Employee stock option - right to buy | \$ 12.397 | 01/06/2005 | 01/05/2005 | W | 3,025 <u>(1)</u> | 05/21/1997 05/21/2007 | Common Stock |
| Non-employee stock option - right to buy | \$ 16.012 | 01/06/2005 | 01/05/2005 | W | 6,050 <u>(1)</u> | 12/31/1997 12/31/2007 | Common Stock |
| Non-employee stock option - right to buy | \$ 12.397 | 01/06/2005 | 01/05/2005 | M | 3,025 <u>(1)</u> | 05/21/1997 05/21/2007 | Common Stock |
| Non-employee stock option - right to buy | \$ 16.012 | 01/06/2005 | 01/05/2005 | M | 6,050 <u>(1)</u> | 12/31/1997 12/31/2007 | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| FORGOTSON MERRILL J 7 BAYBERRY LANE WESTPORT, CT 06880 | X | | Chairman and President | |

Signatures

Leigh A. Hardisty as power of attorney 05/27/2005

 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) Contemporaneous transfer and exercise of non-qualified stock options to Janis Forgotson, wife of Merrill J. Forgotson, from the estate of her father, Norman H. Reader, who passed away 1/8/2004.
- (2) The reporting person received 33.414 shares of common stock as a result of participation in the Bancorp's plan for the reinvestment of dividends.
- (3) The reporting person received 21.536 shares of common stock as a result of participation in the Bancorp's plan for the reinvestment of dividends.

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.