

WAXBERG JOSEPH D
 Form 5
 February 09, 2005

FORM 5

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

OMB APPROVAL
 OMB Number: 3235-0362
 Expires: January 31, 2005
 Estimated average burden hours per response... 1.0

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 *
 WAXBERG JOSEPH D

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)

81 SKYVIEW LN
 (Street)

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

6. Individual or Joint/Group Reporting
 (check applicable line)

NEW CANAAN, CT 06840

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock				(A) Amount (D) Price	6,078.467 (1)	D	

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

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SEC 2270 (9-02)

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

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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	Title	Amount or Number of Shares
Director Stock Option - right to buy	\$ 12.4	Â	Â	Â	Â	Â	05/21/1997	05/21/2007	Common Stock	303
Director Stock Option - right to buy	\$ 17.25	Â	Â	Â	Â	Â	05/20/1998	05/20/2008	Common Stock	303
Director Stock Option - right to buy	\$ 13.64	Â	Â	Â	Â	Â	05/19/1999	05/19/2009	Common Stock	275
Director Stock Option - right to buy	\$ 10.91	Â	Â	Â	Â	Â	05/17/2000	05/17/2010	Common Stock	275
Director Stock Option - right to buy	\$ 12.82	Â	Â	Â	Â	Â	05/16/2001	05/16/2011	Common Stock	275
Director Stock Option - right to buy	\$ 17.82	Â	Â	Â	Â	Â	05/15/2002	05/15/2012	Common Stock	275
Director Stock Option -	\$ 18	Â	Â	Â	Â	Â	05/21/2003	05/21/2013	Common Stock	250

right to
buy

Director
Stock

Option -	\$ 25.46	^		^		^	^	05/26/2004	05/26/2014	Common Stock	250
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right to
buy

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WAXBERG JOSEPH D 81 SKYVIEW LN NEW CANAAN, CT 06840	^ X	^	^	^

Signatures

Leigh A. Hardisty as Power of Attorney	02/09/2005
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**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) During 2004, the reporting person received 99.829 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 provided 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.