

FORGOTSON MERRILL J
Form 4
January 07, 2005

FORM 4

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

OMB APPROVAL

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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)
President & CEO

WESTPORT, CT 06880

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

(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) Amount: 3,025 Price: \$ 12.397 | 4,967.51 ⁽²⁾ | I | By wife |
| Common Stock | 01/06/2005 | 01/05/2005 | W | (A) or (D) Amount: 6,050 Price: \$ 16.012 | 11,017.51 | 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 | |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount or Number of Shares |
| Employee Stock Option - right to buy | \$ 13.636 | | | | | 05/29/2001 05/29/2011 | Common Stock 22,000 |
| Employee Stock Option - right to buy | \$ 14.545 | | | | | 01/02/2002 01/02/2012 | Common Stock 2,200 |
| Employee Stock Option - right to buy | \$ 20.3 | | | | | 01/02/2004 01/02/2014 | Common Stock 2,000 |
| Non 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 3,025 <u>(1)</u> |
| 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 6,050 <u>(1)</u> |
| 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 3,025 <u>(1)</u> |

