

CORNERSTONE BANCORP INC
 Form 4
 April 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 *
 READER PAUL H

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)
 181 CARTER ST
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 04/25/2005

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

NEW CANAAN, CT 06840

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	04/25/2005	04/25/2005	M		9,075	A	\$ 8.678
Common Stock					17,765.74 ⁽¹⁾	D	
Common Stock					1,210	I	Joint with wife
Common Stock					885.837 ⁽²⁾	I	Custodian for minor
Common Stock					10,398.83 ⁽³⁾	I	By trust for which he is trustee

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 (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)	
					V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option - Right to buy	\$ 8.678	04/25/2005	04/25/2005	M		6,050		06/21/1995	06/21/2005	Common Stock	6,050
Employee Stock Option - right to buy	\$ 8.678	04/25/2005	04/25/2005	M		3,025		06/21/1995	06/21/2005	Common Stock	3,025
Employee Stock Option - right to buy	\$ 8.678							07/19/1995	07/19/2005	Common Stock	7,865
Employee Stock Option - right to buy	\$ 8.988							02/21/1996	02/21/2006	Common Stock	1,513
Employee Stock Option - right to buy	\$ 12.397							05/21/1997	05/21/2007	Common Stock	1,513
Employee Stock Option -	\$ 16.012							12/31/1997	12/31/2007	Common Stock	14,520

right to
buy

Employee
Stock

Option - \$ 8.678
right to
buy

07/19/1995 07/19/2005 Common
Stock 23,595

Employee
Stock

Option - \$ 14.545
right to
buy

01/02/2002 01/02/2012 Common
Stock 1,100

Employee
Stock

Option - \$ 20.3
right to
buy

01/02/2004 01/02/2014 Common
Stock 2,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
READER PAUL H 181 CARTER ST NEW CANAAN, CT 06840	X		Senior Vice President	

Signatures

Leigh A. Hardisty as power of attorney
04/27/2005

__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) The reporting person received 56.697 shares of Cornerstone Bancorp, Inc. common stock as a result of participation in the company's plan for the reinvestment of dividends.
 - (2) The reporting person received 5.778 shares of Cornerstone Bancorp, Inc. common stock as a result of participation in the company's plan for the reinvestment of dividends.
 - (3) The reporting person received 67.841 shares of Cornerstone Bancorp, Inc. common stock as a result of participation in the company'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.