

LEVINE STANLEY
Form 4
December 29, 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 *
LEVINE STANLEY

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. Date of Earliest Transaction (Month/Day/Year)
12/27/2005

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

57 HEMLOCK DR
(Street)

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

STAMFORD, CT 06902
(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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common Stock | | | | | 525 | D | |
| Common Stock | | | | | 4,497 | I | Joint with wife |

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

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SEC 1474 (9-02)

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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 Amount of Underlying Securities (Instr. 3 and 4) | | 8. Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----------------------------|---|-----------------|-------------------------------|----------------------------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Director Stock Option (right to buy) | \$ 8.99 | 12/27/2005 | 12/27/2005 | D | | | <u>3,025</u> ⁽¹⁾ | 02/21/1996 | 02/21/2006 | Common stock | 3,025 |
| Director Stock Option (right to buy) | \$ 12.4 | 12/27/2005 | 12/27/2005 | D | | | <u>303</u> ⁽¹⁾ | 05/21/1997 | 05/21/2007 | Common Stock | 303 |
| Director stock option (right to buy) | \$ 17.25 | 12/27/2005 | 12/27/2005 | D | | | <u>303</u> ⁽¹⁾ | 05/20/1998 | 05/20/2008 | Common Stock | 303 |
| Director Stock option (right to buy) | \$ 13.64 | 12/27/2005 | 12/27/2005 | D | | | <u>275</u> ⁽¹⁾ | 05/19/1999 | 05/19/2009 | Common Stock | 275 |
| Director stock option (right to buy) | \$ 10.91 | 12/27/2005 | 12/27/2005 | D | | | <u>275</u> ⁽¹⁾ | 05/17/2000 | 05/17/2010 | Common Stock | 275 |
| Director stock option (right to buy) | \$ 12.82 | 12/27/2005 | 12/27/2005 | D | | | <u>275</u> ⁽¹⁾ | 05/16/2001 | 05/16/2011 | Common Stock | 275 |
| Director stock | \$ 17.82 | 12/27/2005 | 12/27/2005 | D | | | <u>275</u> ⁽¹⁾ | 05/15/2002 | 05/15/2012 | Common Stock | 275 |

option
(right to
buy)

Director
stock
option
(right to
buy)

| | | | | | | | | |
|-------|------------|------------|---|-------------------|------------|------------|-----------------|-----|
| \$ 18 | 12/27/2005 | 12/27/2005 | D | <u>250</u> (1) | 05/21/2003 | 05/21/2013 | Common stock | 250 |
|-------|------------|------------|---|-------------------|------------|------------|-----------------|-----|

Director
stock
option
(right to
buy)

| | | | | | | | | |
|----------|------------|------------|---|-------------------|------------|------------|-----------------|-----|
| \$ 25.46 | 12/27/2005 | 12/27/2005 | D | <u>250</u> (1) | 05/26/2004 | 05/26/2014 | Common Stock | 250 |
|----------|------------|------------|---|-------------------|------------|------------|-----------------|-----|

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

LEVINE STANLEY
57 HEMLOCK DR
STAMFORD, CT 06902

X

Signatures

Leigh A. Hardisty as power of
attorney

12/29/2005

__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) In accordance with the provisions of the Issuer's 1996 Stock Plan, in anticipation of the Issuer's merger with NewAlliance Bancshares, on January 2, 2006, the Compensation Committee of the Board of Directors of the Issuer on December 27, 2005, approved the purchase of all outstanding options by the Issuer at a price per share equal to the difference between the option exercise price and \$36.69, the price of the Issuer's common stock at the close of business on December 23, 2005, the prior business day.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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