

CORNERSTONE BANCORP INC  
 Form 5  
 February 11, 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 \*  
**SAPPERN DONALD**

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)

16 WEDGEWOOD RD

(Street)

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

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

WESTPORT, CT 06880

(City) (State) (Zip)

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

**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)	(A) or (D)	Price	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 Indirect Beneficial Ownership (Instr. 4)
Common Stock	Â	Â	Â	Â	Â	Â	319	I	By wife's IRA
Common Stock	Â	Â	Â	Â	Â	Â	451	I	By Company
Common Stock	Â	Â	Â	Â	Â	Â	3,680	I	By IRA FBO himself
Common	Â	Â	Â	Â	Â	Â	527.36 <sup>(1)</sup>	D	Â

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Stock

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)

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		
Director stock option - right to buy	\$ 10.909	Â	Â	Â	Â	Â	05/17/2000	05/17/2010	Common Stock	275
Director stock option - right to buy	\$ 12.818	Â	Â	Â	Â	Â	05/16/2001	05/16/2011	Common Stock	275
Director stock option - right to buy	\$ 17.818	Â	Â	Â	Â	Â	05/15/2002	05/15/2012	Common Stock	275
Director stock option - right to buy	\$ 18	Â	Â	Â	Â	Â	05/21/2003	05/21/2013	Common Stock	250
Director stock option - right to buy	\$ 25.46	Â	Â	Â	Â	Â	05/26/2004	05/26/2014	Common Stock	250

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SAPPERN DONALD 16 WEDGEWOOD RD WESTPORT, CT 06880	X	^	^	^

## Signatures

Leigh A. Hardisty as Power of Attorney 02/11/2005

\_\_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 2.36 shares of common stock as a result of participation in the Bancorp's plan for the reinvestment of dividends.

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