

READER PAUL H

Form 4

July 15, 2005

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(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)
07/13/2005

☐ 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 Indirect Beneficial Ownership (Instr. 4)
Common Stock	07/13/2005	07/13/2005	M	23,595 A	\$ 8.678	41,360	D
Common Stock	07/13/2005	07/13/2005	M	1,513 A	\$ 8.988	42,873	D
Common Stock	07/13/2005	07/13/2005	M	7,865 A	\$ 8.678	50,738 ⁽¹⁾	D
Common Stock						1,210	I Joint with wife
Common Stock						885 ⁽²⁾	I Custodian for minor

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Common
Stock

10,398 ⁽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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SEC 1474
(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	\$ 8.678	07/13/2005	07/13/2005	M	7,865	07/19/1995	07/19/2005	Common Stock	7,865
Employee Stock Option - right to buy	\$ 8.988	07/13/2005	07/13/2005	M	1,513	02/21/1996	02/21/2006	Common Stock	1,513
Employee Stock Option - right to buy	\$ 8.678	07/13/2005	07/13/2005	M	23,595	07/19/1995	07/19/2005	Common Stock	23,595
Employee Stock Option - right to buy	\$ 12.397					05/21/1997	05/21/2007	Common Stock	1,513
Employee Stock Option - right to	\$ 16.012					12/31/1997	12/31/2007	Common Stock	14,520

buy

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

07/13/2005

__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) Approximately 0.74 fractional shares of common stock were converted to cash as a result of the termination of the Bancorp's plan for the reinvestment of dividends in May 2005.
- (2) Approximately 0.837 fractional shares of common stock were converted to cash as a result of the termination of the Bancorp's plan for the inrevestment of dividends in May 2005.
- (3) Approximately 0.83 fractional shares of common stock were converted to cash as a result of the termination of the Bancorp's plan for the reinvestment of dividends in May 2005.

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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