

JAKUBEK JAMES P
 Form 5
 January 18, 2005

FORM 5

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

OMB APPROVAL

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 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 *
 JAKUBEK JAMES P

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)
 Executive Vice President

41 ROCKWOOD LANE

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

MONROE, CT 06468

(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)	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)
				(A) or (D) Price			
Common Stock	Â	Â	Â	Â	8,665.085 (1)	D	Â
Common Stock	Â	Â	Â	Â	723.678 (2)	I	Custodian for minor child
Common Stock	Â	Â	Â	Â	723.678 (2)	I	Custodian for minor child

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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 Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
					(A)	(D)	Date Exercisable	Expiration Date		
Employee stock option right to buy	\$ 8.678	Â	Â	Â	Â	Â	07/19/1995	07/19/2005	Common Stock	18,15
Employee stock option right to buy	\$ 16.012	Â	Â	Â	Â	Â	12/31/1997	12/31/2007	Common Stock	14,52
Employee stock option right to buy	\$ 14.545	Â	Â	Â	Â	Â	01/02/2002	01/02/2012	Common Stock	1,10
Employee stock option right to buy	\$ 20.3	Â	Â	Â	Â	Â	01/02/2004	01/02/2014	Common Stock	2,00
Employee stock option right to buy	\$ 8.678	01/28/2004	01/28/2004	J	Â	9,075 (3)	07/19/1995	07/19/2005	Common Stock	9,07

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer

Other

JAKUBEK JAMES P
41 ROCKWOOD LANE
MONROE, CT 06468

X Executive Vice President

Signatures

Leigh A. Hardisty as power of attorney

01/18/2005

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).

- The reporting person received 141.638 shares of common stock as a result of participation in the Bancorp's plan for reinvestment of dividends. In addition, the reporting person transferred non-qualified stock options to acquire 9,075 shares of common stock to his former spouse, Deborah P. Jakubek, pursuant to a qualified domestic relations order dated January 28, 2004.
- (1) The reporting person received 141.638 shares of common stock as a result of participation in the Bancorp's plan for reinvestment of dividends.
 - (2) The reporting person received 12.449 shares of common stock as a result of participation in the Bancorp's plan for reinvestment of dividends.
 - (3) The reporting person transferred non-qualified stock options to acquire 9,075 shares of common stock to his former spouse, Deborah P. Jakubek, pursuant to a qualified domestic relations order dated January 28, 2004.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.