

PRINCE MARTIN
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 *
PRINCE MARTIN

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)
196-45 MCLAUGHLIN AVE
(Street)

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

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

HOLLISWOOD, NY 11423
(City) (State) (Zip)

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

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					1,176	D	
Common Stock					30,088	I	Joint with Wife
Common Stock					16,637	I	By Profit Sharing Trust

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. P	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Director Stock Option (right to buy)	\$ 12.397	12/27/2005		D	<u>303</u> ⁽¹⁾	05/21/1997 05/21/2007	Common Stock	303	\$ 2
Director Stock Option (right to buy)	\$ 17.252	12/27/2005		D	<u>303</u> ⁽¹⁾	05/20/1998 05/20/2008	Common Stock	303	\$ 1
Director Stock Option (right to buy)	\$ 13.636	12/27/2005		D	<u>275</u> ⁽¹⁾	05/19/1999 05/19/2009	Common Stock	275	\$ 2
Director Stock Option (right to buy)	\$ 10.909	12/27/2005		D	<u>275</u> ⁽¹⁾	05/17/2000 05/17/2010	Common Stock	275	\$ 2
Director Stock Option (right to buy)	\$ 12.818	12/27/2005		D	<u>275</u> ⁽¹⁾	05/16/2001 05/16/2011	Common Stock	275	\$ 2
Director Stock Option (right to	\$ 17.818	12/27/2005		D	<u>275</u> ⁽¹⁾	05/15/2002 05/15/2012	Common Stock	275	\$ 1

buy)

Director
Stock
Option
(right to
buy)

\$ 18

12/27/2005

D

250
(1)

05/21/2003

05/21/2013

Common
Stock

250

\$

Director
Stock
Option
(right to
buy)

\$ 25.46

12/27/2005

D

250
(1)

05/26/2004

05/26/2014

Common
Stock

250

\$

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PRINCE MARTIN 196-45 MCLAUGHLIN AVE HOLLISWOOD, NY 11423	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, Inc. 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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