

# SECURITIES AND EXCHANGE COMMISSION

## FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2013-03-04** | Period of Report: **2013-03-01**  
SEC Accession No. [0001434890-13-000013](#)

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### REPORTING OWNER

**Watson Robert B**

CIK: **1357285**

Type: **4** | Act: **34** | File No.: **000-30497** | Film No.: **13661512**

Mailing Address

*5319 HIGHWAY 153*

*CHATTANOOGA TN 37343*

### ISSUER

**CORNERSTONE BANCSHARES INC**

CIK: **1038773** | IRS No.: **621175427** | State of Incorp.: **TN** | Fiscal Year End: **1231**

SIC: **6021** National commercial banks

Mailing Address

*4154 RINGGOLD RD*

*CHATTANOOGA TN*

*37412-0416*

Business Address

*4154 RINGGOLD RD*

*CHATTANOOGA TN*

*37412-416*

*4236982454*

# FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See instruction 1(b).

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

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	02/28/2011
Estimated average burden hours per response	0.5

### STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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 <b>Watson Robert B</b>			2. Issuer Name and Ticker or Trading Symbol <b>CORNERSTONE BANCSHARES INC</b> <b>[CSBQ]</b>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director _____ 10% Owner <input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below) <b>EVP &amp; SLA</b>		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <b>03/01/2013</b>					
5319 HIGHWAY 153			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person ____ Form Filed by More than One Reporting Person		
(Street)								
CHATTANOOGA, TN 37343								
(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)
			Code	V	Amount	(A) or (D)	Price			

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Stock Options	\$2.37	03/01/2013		A		15,000	(D)	03/01/2015	03/01/2023	Cornerstone Bancshares, Inc.	15,000	\$ 0	86,000	D	

**Explanation of Responses:**

1. (1) The exercise date is determined by the following vesting schedule: 30% after the 2nd anniversary date, 60% after the 3rd anniversary date, and 100% after the 4th anniversary date.

**Signatures**

Nathaniel F. Hughes, Attorney in Fact

\*\* Signature of Reporting Person

03/04/2013

Date

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

\* 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).

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.**