

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**
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REPORTING OWNER

Petty Gary Wayne Jr

CIK: **1434890**

Type: **4** | Act: **34** | File No.: **000-30497** | Film No.: **13661580**

Mailing Address

*6401 LEE HIGHWAY SUITE B
CHATTANOOGA TN 37421*

Business Address

423-385-3054

ISSUER

CORNERSTONE BANCSHARES INC

CIK: **1038773** | IRS No.: **621175427** | State of Incorporation: **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	
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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 Petty Gary Wayne Jr			2. Issuer Name and Ticker or Trading Symbol CORNERSTONE BANCSHARES INC [CSBQ]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director <input checked="" type="checkbox"/> Officer (give title below) EVP & CFO		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 03/01/2013					
6401 LEE HIGHWAY SUITE B			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 37421								
(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	59,700	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.