

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



FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) June 2, 2009

**CORNERSTONE BANCSHARES, INC.**

(Exact name of registrant as specified in its charter)

|  |   |  |
|--|---|--|
| <b>Tennessee</b><br>(State or other jurisdiction<br>of incorporation)                      | <b>000-30497</b><br>(Commission<br>File Number) | <b>62-1175427</b><br>(I.R.S. Employer<br>Identification No.) |
| <b>835 Georgia Ave, Chattanooga, Tennessee</b><br>(Address of principal executive offices) |   | 37402<br>(Zip Code)  |
| Registrant's telephone number, including area code   | <b>(423) 385-3000</b>                           |  |

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 8.01 Other Events**

On June 2, 2009, the Registrant issued a press release announcing the declaration of a cash dividend in the amount of \$.03 per share and stock dividend payable in common stock at the rate of 0.8421 percent with a record date of June 12, 2009, and a payment date of July 3, 2009.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits

99.1 Press release dated June 2, 2009 announcing the declaration of dividend.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CORNERSTONE BANCSHARES, INC.**

(Registrant)

Date: June 2, 2009

By: /s/ Nathaniel F. Hughes

Nathaniel F. Hughes,

President and Treasurer

## Cornerstone Bancshares, Inc. Announces Stock and Cash Dividend

CHATTANOOGA, Tenn.--(BUSINESS WIRE)--June 2, 2009--Cornerstone Bancshares, Inc. (OTCBB: CSBQ) today announced the following:

Cornerstone Bancshares, Inc.'s Board of Directors has approved distribution to shareholders of record a dividend payable in cash and common stock. The stock payment is payable in common stock at the rate of 0.8421 percent. The dividend rate means that 8.42 new dividend shares will be distributed for every 1,000 shares held on the record date. In addition, Cornerstone will pay a \$0.03 cash dividend. The dividends will be issued to shareholders of record as of June 12, 2009 and will be paid July 3, 2009.

The dividend rate was determined to provide shareholders with new shares having a value of 4 cents for each share held on the record date, based on the Cornerstone average stock price on May 29<sup>th</sup> of \$4.75 per share.

Dividend shares will be issued electronically and distributed as whole shares and issued in book entry form or uncertificated form and fractional shares will be issued as cash in lieu through Illinois Stock Transfer Company, Cornerstone's transfer agent. Paper stock certificates for whole shares will be available upon request from our transfer agent.

Cornerstone Bancshares, Inc. is a one-bank holding company serving the Chattanooga, Tennessee MSA with five branches and one loan production office in Dalton, GA, and one loan production office in Knoxville, TN, and \$475 million in assets, specializing in business financial services.

**CONTACT:**

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