

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) August 22, 2008

CORNERSTONE BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction
of incorporation)

000-30497

(Commission
File Number)

62-1175427

(I.R.S. Employer
Identification No.)

835 Georgia Ave, Chattanooga, Tennessee

(Address of principal executive offices)

37343

(Zip Code)

Registrant's telephone number, including area code **(423) 385-3000**

(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 August 22, 2008, the Registrant issued a press release announcing the declaration of a quarterly dividend in the amount of \$.07 per share with a record date of September 19, 2008, and a payment date of October 3, 2008.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release dated August 22, 2008 announcing the declaration of a quarterly 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 : August 22, 2008

By: \s\Nathaniel F. Hughes

Nathaniel F. Hughes,

President and Treasurer



Cornerstone Bancshares, Inc. Announces Cash Dividend

Friday, August 22, 2008 11:00 AM

- PR Newswire

CHATTANOOGA, Tenn., August 22, 2008 /PRNewswire-FirstCall / — Cornerstone Bancshares, Inc. (OTC Bulletin Board: CSBQ) today announced the following:

Cornerstone Bancshares, Inc Board of Directors announced the record date and payment date of Cornerstone's quarterly dividend. The dividend \$.07 a share will be issued to shareholders of record as of September 19, 2008, and will be paid October 3, 2008.

Cornerstone Bancshares, Inc. is a one-bank holding company serving the Chattanooga, Tennessee MSA with 5 branches, 2 loan production offices and \$450 million in assets specializing in business financial services.

Contact:

Cornerstone Bancshares, Inc., Chattanooga, TN
Frank Hughes
President & Treasurer, Cornerstone Bancshares, Inc.
PH#(423)385-3009,Fax# (423)385-3100
email: fhughes@cscbank.com
