

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) September 9, 2009

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)		37402 (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))
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Item 8.01 Other Events

On September 9, 2009, the Registrant issued a press release announcing the declaration of a stock dividend payable in common stock at the rate of 2.0 percent with a record date of September 18, 2009, and a payment date of October 2, 2009.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release dated September 9, 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: September 9, 2009

By: /s/ Nathaniel F. Hughes

Nathaniel F. Hughes,

President and Treasurer

Cornerstone Bancshares, Inc. Announces Stock Dividend

CHATTANOOGA, Tenn.--(BUSINESS WIRE)--September 9, 2009--Cornerstone Bancshares, Inc. (OTC Bulletin Board: CSBQ) today announced the following:

Cornerstone Bancshares, Inc.'s Board of Directors has approved distribution to shareholders of record a dividend payable in common stock. The stock payment is payable in common stock at the rate of 2.0 percent. The dividend rate means that one new dividend share will be distributed for every 50 shares held on the record date. The dividends will be issued to shareholders of record as of September 18, 2009 and will be paid October 2, 2009. The dividends will be issued to shareholders of record as of September 18, 2009 and will be paid October 2, 2009.

The dividend rate was determined to provide shareholders with new shares having a value of seven cents for each share held on the record date, based on the Cornerstone average stock price on August 24th, of \$3.50 per share.

Dividend shares will be issued electronically and distributed as whole shares and issued in book entry form or uncertificated form 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 \$500 million in assets, specializing in business financial services.

CONTACT:

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