

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): November 24, 2011

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

**(IRS Employer
Identification
No.)**

835 Georgia Avenue, Chattanooga, Tennessee 37402
(Address of principal executive offices) (zip code)

(423) 385-3000

(Registrant's telephone number, including area code)

Not Applicable

(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:

- 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 7.01. Regulation FD.

On November 24, 2011, the Registrant issued a press release announcing the payment date of November 29, 2011 for a cash dividend in the amount of \$.625 per share for its Series A Convertible Preferred Stock for all holders of record as of June 30, 2011.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release dated November 24, 2011 announcing the payment of a dividend.

Cornerstone Bancshares, Inc. Announces Preferred Dividend Payment

CHATTANOOGA, Tenn.—(PR Newswire)—November 24, 2011—Cornerstone Bancshares, Inc. (OTC Bulletin Board: CSBQ; CSBQP) today announced the following:

Cornerstone Bancshares, Inc. (“Cornerstone”) of Chattanooga, TN, parent company of Cornerstone Community Bank (the “Bank”), announced the payment date of November 29, 2011 for its Series A Convertible Preferred Stock for all shareholders of record as of June 30, 2011.

This second quarter dividend, payable at a rate of 62.5 cents per share, marks the fourth quarterly dividend and was declared after a third consecutive quarter of positive earnings for the year for Cornerstone.

Launched in the third quarter of 2010 and extended through December 31, 2011, the Preferred Stock Offering features a new class of security with a 10 percent cumulative annual dividend, and is convertible into common stock after five years and a 50 percent increase in common stock value over the preferred stock’s strike price.

“We are extremely pleased with the progress of the Bank and are thankful that the earnings are sufficient to pay this Preferred dividend,” said Cornerstone President Frank Hughes. “Our goal is to continue to strengthen Cornerstone’s foundations in order to bring the greatest return on investment to all shareholders.”

Cornerstone is a single-bank holding company with \$426 million in assets, serving the Chattanooga, Tennessee MSA. Locally owned and locally operated, Cornerstone Community Bank was founded in 1996, and is one of Chattanooga’s oldest and largest community banks. With five branches serving the Hamilton County area and one loan production office in Dalton, Georgia, Cornerstone Community Bank specializes in providing a comprehensive range of customized financial solutions for businesses and individuals.
