

COOPERATIVE BANKSHARES INC

Form 4

August 30, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
KING H THOMPSON III

2. Issuer Name and Ticker or Trading Symbol
COOPERATIVE BANKSHARES INC [COOP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)

Director 10% Owner
 Officer (give title below) Other (specify below)

201 MARKET STREET

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(Street)

WILMINGTON, NC 28401

(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)
Common Stock	08/30/2006		M	V Amount (A) or (D) Price \$ 4.92	32,920 ⁽¹⁾ ⁽²⁾	D	
Common Stock					450 ⁽³⁾	I	by Custodian for Granddaughter
Common Stock					5,580 ⁽⁴⁾	I	By IRA
Common Stock					1,890 ⁽⁵⁾	I	By Spouse's IRA

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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 control number.

SEC 1474
(9-02)

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 Underlying Securities (Instr. 3 and 4)		
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V	(A)	(D)
Stock Option (Right to Buy)	\$ 4.92 ⁽⁶⁾	08/30/2006		M	4,000	07/15/1999 ⁽⁷⁾ 07/15/2009	Common Stock	4,000 ⁽⁶⁾	
Stock Option (Right to Buy)	\$ 12 ⁽⁸⁾					12/29/2004 ⁽⁷⁾ 12/29/2014	Common Stock	4,500 ⁽⁸⁾	
Stock Option (Right to Buy)	\$ 13.77 ⁽⁹⁾					12/14/2005 ⁽⁷⁾ 12/14/2015	Common Stock	3,000 ⁽⁹⁾	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KING H THOMPSON III 201 MARKET STREET WILMINGTON, NC 28401	X			

Signatures

/s/ King, III, H.
Thompson 08/30/2006

**Signature of Reporting Person

Date

Explanation of Responses:

- * 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).
- (1) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 9,612 additional shares of common stock.
- (2) In addition to the shares purchased which are reported pursuant to the Form 4, the amount beneficially owned has been increased by shares acquired through Cooperative Bankshares Dividend Reinvestment Plan which are exempt from reporting under Rule 16a-11.
- (3) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 150 additional shares of common stock.
- (4) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 1,860 additional shares of common stock.
- (5) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 630 additional shares of common stock.
- (6) This option was previously reported as covering 10,450 shares at an exercise price of \$7.37 per share, but was adjusted to reflect the 3-for-2 stock split on June 30, 2006.
- (7) Stock Options fully vested on date of grant.
- (8) This option was previously reported as covering 3,000 shares at an exercise price of \$18.00 per share, but was adjusted to reflect the 3-for-2 stock split on June 30, 2006.
- (9) This option was previously reported as covering 2,000 shares at an exercise price of \$20.66 per share, but was adjusted to reflect the 3-for-2 stock split on June 30, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.