

PARENTE CHARLES E  
Form 4  
February 02, 2009

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
PARENTE CHARLES E

2. Issuer Name and Ticker or Trading Symbol  
COMMUNITY BANK SYSTEM INC [CBU]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
356 SEDGWICK COURT  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
01/05/2009

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

NAPLES, FL 34108

(City) (State) (Zip)

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

**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 Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
Common Stock	01/05/2009		M		2,697 A \$ 0 <sup>(1)</sup>	10,510	D
Common Stock	01/29/2009		P		15,000 A \$ 18.4133	333,000	I By Benevento & Mayo Partners
Common Stock						3,000	I By Spouse
Common Stock						21,000	I By C.E. Parente Trust U/A

dated  
September  
12, 1979

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

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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)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Un- (In- (Ti- (C- (C- (C-	
					(A)	(D)	Date Exercisable	Expiration Date		
Stock Option	\$ 18.08	01/29/2009		A	V	4,822		01/29/2009	01/29/2019	C
Phantom Stock (Stock Balance Plan)	(2)	01/29/2009		A		532.77		(2)	(2)	C
Phantom Stock (Deferred Compensation)	(3)	01/05/2009		M		2,697.1282		(3)	(3)	C
Phantom Stock (Deferred Compensation)	(3)	01/29/2009		A		179.7566		(3)	(3)	C

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PARENTE CHARLES E 356 SEDGWICK COURT NAPLES, FL 34108		X		

## Signatures

/s/ Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney for Charles E. Parente

02/02/2009

\_\_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).

Each phantom stock unit relating to the Deferred Compensation Plan entitles the reporting person to receive one share of Community Bank System, Inc. common stock. On January 5, 2009, the reporting person's phantom stock units were settled for an equal number of shares and cash for .1282 shares at \$23.42 per share.

(1) Each phantom stock unit is the economic equivalent of one share of Community Bank System, Inc. common stock. Phantom Stock (Stock Balance Plan) may be settled upon the later of the reporting person's attainment of age 55 or termination of service on Community Bank System, Inc.'s Board of Directors.

(2) Each unit of phantom stock is the economic equivalent of one share of Community Bank System, Inc. common stock. The units of phantom stock relating to the Deferred Compensation Plan will be settled in Community Bank System, Inc. common stock at future dates selected by the reporting person.

(3) Includes 22.5987 phantom stock units acquired on January 9, 2009 under the Deferred Compensation Plan's dividend reinvestment feature.

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

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