

DICERBO NICHOLAS A
Form 4
January 21, 2011

FORM 4

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

OMB APPROVAL

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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 *
DICERBO NICHOLAS A

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)

3. Date of Earliest Transaction (Month/Day/Year)
01/19/2011

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

2835 WEST RIVER ROAD

(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

OLEAN, NY 14760

(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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common Stock | | | | | 116,511.3274 (1) | D | |
| Common Stock | | | | | 110,823.9246 (2) | I | By Law Firm (Partner) |
| Common Stock | | | | | 807.871 (3) | I | By Spouse |

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

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number.

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 Underlying Security (Instr. 3 and 4) | | |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|--------------|--------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | |
| Stock Option | \$ 27.36 | 01/19/2011 | | A | | 01/19/2011 | 01/19/2021 | Common Stock | |
| Phantom Stock (Deferred Compensation) | (4) | 01/19/2011 | | A | | (4) | (4) | Common Stock | |
| Phantom Stock (Stock Balance Plan) | \$ 0 (6) | 12/31/2010 | | J | V | 538.19 | (6) | (6) | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---------------------------------------------------------------|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| DICERBO NICHOLAS A 2835 WEST RIVER ROAD OLEAN, NY 14760 | | X | | |

Signatures

/s/ Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney for Nicholas A. DiCerbo

01/21/2011

**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) Includes 826.695 shares acquired on January 10, 2011 pursuant to the Community Bank System, Inc. Dividend Reinvestment Plan.

(2) Includes 829.232 shares acquired on January 10, 2011 pursuant to the Community Bank System, Inc. Dividend Reinvestment Plan.

(3) Includes 6.947 shares acquired on January 10, 2011 pursuant to the Community Bank System, Inc. Dividend Reinvestment Plan.

(4) 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 a future date selected by the reporting person.

(5) Includes 424.088 phantom stock units acquired on January 10, 2011 under the Deferred Compensation Plan's dividend reinvestment feature.

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- (6) These units were acquired during the 2010 calendar year pursuant to the Stock Balance Plan's dividend reinvestment feature. Each phantom stock unit is the economic equivalent of one share of Community Bank System, Inc. common stock. The phantom stock units relating to the 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.

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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