

PARENTE CHARLES E
Form 4
February 02, 2009

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 *
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)

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

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

356 SEDGWICK COURT

(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

NAPLES, FL 34108

(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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount (A) or Price (D) | | |
| Common Stock | 01/05/2009 | | M | | 2,697 A \$ 0 ⁽¹⁾ | 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- (Tit- (C- (C- (C- |
|--|--|--------------------------------------|--|--------------------------------|--|------------|--|-----------------|-------------------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | |
| Stock Option | \$ 18.08 | 01/29/2009 | | A | 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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