

GABRIEL JAMES A
Form 4
February 02, 2009

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

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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 *
GABRIEL JAMES 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)
P.O. BOX 449
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/29/2009

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

OVID, NY 14521
(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 Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	01/29/2009		M	10,000	A \$ 12.375	(1)	85,310.3764 D
Common Stock	01/29/2009		S	10,000	D \$ 18.7942		75,310.3764 D

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) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Security (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount
Stock Option	\$ 12.375	01/29/2009		M			10,000	01/01/2001	01/01/2011	Common Stock	1
Stock Option	\$ 18.08	01/29/2009		A		4,822		01/29/2009	01/29/2019	Common Stock	1
Phantom Stock (Stock Balance Plan)	(2)	01/29/2009		A		1,040.32		(2)	(2)	Common Stock	1

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GABRIEL JAMES A P.O. BOX 449 OVID, NY 14521		X		

Signatures

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

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).

(1) Includes 590.481, 473.199, 552.261, 596.498, and 553.605 shares acquired on January 10, 2008, April 10, 2008, July 10, 2008, October 10, 2008 and January 9, 2009, respectively, under the Community Bank System, Inc. Dividend Reinvestment Plan.

(2) 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.

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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