

PATTERSON DAVID CHARLES
 Form 4
 January 21, 2011

FORM 4

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

OMB APPROVAL

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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 *
 PATTERSON DAVID CHARLES

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)
 256 POTTER ROAD
 (Street)

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

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

CANTON, NY 13617
 (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		
				Code	V	Amount	

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

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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	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
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	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Date Exercisable	Expiration Date	Title
			Code	V				
Stock Option	\$ 27.36	01/19/2011	A		3,850	01/19/2011	01/19/2021	Common Stock
Phantom Stock (Deferred Compensation)	<u>(1)</u>	01/10/2011	J	V	117.7431	<u>(1)</u>	<u>(1)</u>	Common Stock
Phantom Stock (Stock Balance Plan)	<u>(2)</u>	12/31/2010	J	V	538.19	<u>(2)</u>	<u>(2)</u>	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PATTERSON DAVID CHARLES 256 POTTER ROAD CANTON, NY 13617			X	

Signatures

/s/ Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney for David Charles Patterson 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) Phantom stock units were acquired on January 10, 2011 under the Deferred Compensation Plan's dividend reinvestment feature. 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.

(2) 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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