

COMMUNITY BANK SYSTEM INC

Form 4

September 26, 2008

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
DEMPSEY WILLIAM M

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)

**3003 GULF SHORE BLVD.,
NORTH, APT. #202**

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
09/24/2008

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

NAPLES, FL 34103

(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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	09/24/2008		M		16,500	A	\$ 17.4063
							20,931.247
Common Stock	09/24/2008		S		16,500	D	\$ 24.1144
							4,431.247
Common Stock	09/25/2008		M		12,137	A	\$ 17.4063
							16,568.247

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

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form**

SEC 1474
(9-02)

displays a currently valid OMB control 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 Amount of Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 17.4063	09/24/2008		M		16,500		05/13/1998	12/31/2009	Common Stock	16,500
Stock Option	\$ 17.4063	09/25/2008		M		12,137		05/13/1998	12/31/2009	Common Stock	12,137

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
DEMPSEY WILLIAM M 3003 GULF SHORE BLVD., NORTH APT. #202 NAPLES, FL 34103	X

Signatures

/s/ Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney for William M. Dempsey

09/26/2008

____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).

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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