

DONAHUE BRIAN D
 Form 4
 March 25, 2013

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 *
 DONAHUE BRIAN D

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)
 229 CAROLINA STREET
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 03/22/2013

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Chief Banking Officer

OLEAN, NY 14760
 (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 or Price		
Common Stock	03/22/2013		M		3,085 A \$ 24.15	34,568	D
Common Stock	03/22/2013		S		3,085 D \$ 29.7023 (1)	31,483	D
Common Stock	03/25/2013		M		5,993 A \$ 24.15	37,476	D
Common Stock	03/25/2013		S		5,993 D \$ 29.7283 (2)	31,483	D
						5,095.7797	I

Common
Stock

By 401(k)
Plan

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

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(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 Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option	\$ 24.15	03/22/2013		M	3,085	⁽³⁾ 01/21/2014	Common Stock	3,085
Stock Option	\$ 24.15	03/25/2013		M	5,993	⁽³⁾ 01/21/2014	Common Stock	5,993

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DONAHUE BRIAN D 229 CAROLINA STREET OLEAN, NY 14760			Chief Banking Officer	

Signatures

/s/ Danielle M. Cima, pursuant to a Confirming Statement executed by Brian D. Donahue

03/25/2013

__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) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$29.70 to \$29.75, inclusive. The reporting person undertakes to provide Community Bank System, Inc., any security holder of Community Bank

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System, Inc. or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.

- The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$29.70 to \$29.79, inclusive. The reporting person undertakes to provide Community Bank System, Inc., any security holder of Community Bank System, Inc. or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.
- (2) System, Inc. or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the range set forth in this footnote.
- (3) The option vested in five equal installments on January 21, 2005, 2006, 2007, 2008, and 2009.

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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