

Kingsley Scott Allen  
 Form 4  
 September 10, 2012

**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 \*  
 Kingsley Scott Allen

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)  
 8365 GLEN EAGLE DRIVE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 09/06/2012

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Chief Financial Officer

MANLIUS, NY 13104

(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                    | 09/06/2012                           |  | M                              |   | 14,048  | A  | \$ 17.82  |   |
|                                 |                                      |  |                                |   |   |  | 29,861  |   |
| Common Stock                    | 09/06/2012                           |  | S                              |   | 14,048  | D  | \$ 28.8091  |   |
|                                 |                                      |  |                                |   |   |  | 15,813  |   |
| Common Stock                    | 09/07/2012                           |  | M                              |   | 3,558   | A  | \$ 17.82  |   |
|                                 |                                      |  |                                |   |   |  | 19,371  |   |
| Common Stock                    | 09/07/2012                           |  | S                              |   | 3,558   | D  | \$ 28.9058  |   |
|                                 |                                      |  |                                |   |   |  | 15,813  |   |
|                                 |                                      |  |                                |   |   |  | 2,136.4332  | I |

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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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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 Securities (Instr. 3 and 4) | Amount or Number of Shares |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title                      | Amount or Number of Shares |
| Stock Option                               | \$ 17.82   | 09/06/2012                           |  | M                              | 14,048  | 01/20/2010 04/22/2019                                    | Common Stock  | 14,048                     |                            |
| Stock Option                               | \$ 17.82   | 09/07/2012                           |  | M                              | 3,558   | 01/20/2010 04/22/2019                                    | Common Stock  | 3,558                      |                            |

## Reporting Owners

| Reporting Owner Name / Address                                     | Relationships |           |                         |       |
|--|---------------|-----------|-------------------------|-------|
|  | Director      | 10% Owner | Officer                 | Other |
| Kingsley Scott Allen<br>8365 GLEN EAGLE DRIVE<br>MANLIUS, NY 13104 |               |           | Chief Financial Officer |       |

## Signatures

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

09/10/2012

\*\*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 \$28.80 to \$28.88, 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.

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- (2) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$28.80 to \$28.99, 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.

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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